

Fighting Against Forced Labour and Child Labour in Supply Chains Report

1. Introduction

This report constitutes the first report prepared by St. Marys Cement Inc. (Canada) (“St. Marys Cement” or “St. Marys” or the “Company” or “we” or “our”) under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (“Act”). It covers the Company’s most recently completed financial year ending December 31, 2023 (“Reporting Period”). The Report outlines the steps St. Marys Cement has taken during the Reporting Period to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity.

St. Marys Cement is committed to the protection of internationally recognized human rights including the United Nations Universal Declaration of Human Rights. We believe that a good working environment, with people who are respected, competent, valued, and engaged contributes to the formation of a more just and wholesome society. We respect everyone regardless of their colour/race, gender, ethnicity, religion, sexual orientation, gender identity, age, appearance, or physical or mental disability. We provide a respectful and fair workplace with opportunities for professional growth equally to all and disavow all forms of prejudice and discrimination. We are committed to ensuring the integrity, physical and mental health of our employees by providing adequate and safe working conditions, promoting diversity and inclusion, and offering equal and fair opportunities for professional growth for all people, and we support the right of all individuals to join trade unions. St. Marys Cement does not tolerate child, or slave-like labour in our operations or those of our suppliers.

2. Steps Taken in the Previous Financial Year to Prevent and Reduce Risks of Forced Labour and Child Labour

During the Reporting Period, St. Marys Cement took several steps to reduce the risk that forced labour or child labour is being used in our business and supply chains, including:

- Continued to operate our public Ethics Line and encouraged stakeholders to report any real or perceived misconduct that violates our [Code of Conduct](#) or applicable laws in a confidential and anonymous manner.
- Continued to include provisions in our standard contracts requiring third parties to acknowledge that they have read and will abide by our Code of Conduct, which contains an express prohibition on the use of forced labour and child labour, as well as warrant that the Services and Products will be provided in accordance with all federal, provincial, and municipal laws.
- Engaged a third-party consultant to support our understanding of the Act’s requirements and enhance our forced labour and child labour risk identification and mitigation processes.
- Continued to screen prospective third-party vendors located outside of North America for incidents of child labour and human rights abuses using the Kroll First View Screening and Monitoring solution.

3. Our Structure, Activities and Supply Chains

3.1 Structure

St. Marys Cement Inc. (Canada) is a corporation existing under the laws of Ontario pursuant to the *Business Corporations Act*, and is headquartered in Toronto, Ontario, Canada. St. Marys Cement is one of the oldest cement companies in North America and a major producer of cementitious related materials in the Great Lakes Region and eastern Canada. With more than 100 years of history in the cement business, we manufacture and sell cement, other cementitious products, ready mix concrete, and aggregates in Canada and, through our US subsidiaries, in the United States.

St. Marys Cement Inc. (Canada) is a subsidiary of Votorantim Cimentos S.A. (“VCSA” or “Votorantim Cimentos”). VCSA indirectly holds, through its subsidiary Votorantim Cimentos International S.A. (“VCI”), 83% of the capital of St. Marys Cement. McInnis Holding Limited Partnership (“McInnis Holding”) owns 17% of the Company’s capital. McInnis Holding Limited Partnership is indirectly controlled by Caisse de Dépôt et Placement du Québec (“CDPQ”).

St. Marys Cement and its subsidiaries manufacture and distribute heavy building materials which includes cement, aggregates, ready-mix concrete, and construction related materials. St. Marys Cement has two corporate offices with one located in Toronto and another in Montreal. Within Canada, we have over 1400 employees, and over 350 employees in the United States. 55,01% of the Canadian employees of St. Marys Cement are unionized. Regarding the employees of the US subsidiaries, 51,4% of the US employees are unionized.

3.2 Activities

The Company has expanded over the past century and now has manufacturing plants located strategically to serve the Canadian and, through its US subsidiaries, United States markets. We operate three cement plants in Canada (St. Marys and Bowmanville in the Province of Ontario, and McInnis in the Province of Quebec). The company’s subsidiary, St. Marys Cement U.S. LLC, operates one integrated cement plant(Charlevoix, Michigan); and two grinding plants (Detroit, Michigan and Milwaukee, Wisconsin) in the United States. We market and sell our products around the Great Lakes, in the North East United States and in Quebec and the Atlantic Provinces in Canada. Our businesses operate under the St. Marys Cement, Prairie Materials, United Materials, Superior Materials, and CBM trade names. St. Marys Cement and its subsidiaries or operating divisions, Canada Building Materials (Canada), Superior Materials (US), Prairie Materials (US), and United Materials (US) have 66 ready mix concrete plants (excluding joint ventures), 33 aggregate plants (20 sand and gravel operations and 13 limestone quarries) and 19 cement terminals strategically located around the Great Lakes Region, Quebec, Atlantic Canada and the northeastern region of the United States.

St. Marys Cement, directly in Canada, and indirectly through its US subsidiaries in the US, manufactures a variety of cement for different purposes - normal, high-early strength, low heat hydration, and sulphate-resisting as well as other supplementary cementitious products - in bulk and as bagged product. In the regions that we operate, we are one of the largest cement producers, according to U.S. Geological Survey (“USGS”) and the Cement Association of Canada (“CAC”). We are a leading supplier of ready-mix concrete in Ontario, Illinois, Michigan and Western New York and a supplier of aggregates in Ontario, Illinois, Indiana and Western New York. Distribution of our cement products is accomplished through a sophisticated network of

terminals throughout the Great Lakes Region and the northeastern region of the United States, serviced by barge, ship, rail and truck.

3.3. Supply Chain

St. Marys' global supply chain consists of suppliers manufacturing equipment, parts, products and material necessary for the operation, repair and maintenance of its plants and terminals, including, without limitation, raw materials, construction equipment, industrial machinery, trucks and any other components and items required to manufacture and distribute cement, concrete and to extract aggregates. Our supply chain is comprised of direct and indirect suppliers located primarily in Canada or the United States but also elsewhere in the world depending on the products and services needed. Depending on the business needs, St. Marys will enter into (short or long term) contractual relationships and/or make use of standardized Terms and Condition with Suppliers. St. Marys currently has over 3,000 suppliers located in 16 countries, with goods and services delivered and performed from 21 countries across North America, Europe, Asia, and Africa. Outside of Canada and the United States, Spain and China represent the next two most current countries of origin in our supply chain in terms on spend. In addition, St Marys' Trading arm - Votorantim Cement Trading SL is based out of Spain and sources materials from Japan and Egypt. St. Marys also has sizeable spend from materials sourced from Turkey and Brazil for construction materials, trucking, engineering/construction and industrial machinery.

4. Policies and Due Diligence Processes in Relation to Forced Labour and Child Labour

We maintain a strong and enduring commitment to operating ethically and in accordance with laws, norms, and regulations. We encourage employees to take part in building this culture to ensure that as a business, we maintain high levels of integrity and compliance. We are currently reviewing our policies and procedures with regards to child and forced labour issues. Prior to the enactment of the *Fighting Against Forced Labour in Supply Chains Act*, we had already established some policies and processes to encourage ethical business behavior in our operations and supply chains. Specifically, our Code of Conduct, Ethics Line, standard term contractual provisions and third-party screening of prospective vendors located outside of North America – are in place and would help us to identify, mitigate and address forced labour and child labour issues should either occur in our activities or supply chains.

4.1 Code of Conduct

At St. Marys, we are committed to customer success, empowered employees, sustainability, and operational excellence. We know that our success in these areas will only be achieved if we act ethically with integrity and transparency. We have adopted our Brazil-based parent company Votorantim Cimentos [Code of Conduct](#) which serves as our foundational governance tool and represents our commitment to ethics and fair and honest business conduct.

We expect employees at all levels, from operational roles to our board of directors, and shareholders to follow the Code of Conduct guidelines and comply with all laws, regulations and policies in the regions and countries where we operate. The Code applies to all St. Marys employees, as well as for our commercial partners, suppliers, and service providers.

As a company, we are committed to meeting, sustaining, and even improving in terms of international standards and practices, such as the principles of the United Nations Global Compact, the United Nations Universal Declaration of Human Rights, among other governance

best practices. As expressly provided in the Code, St. Marys Cement does not tolerate child, slave, or slave-like labour in our operations or those of our business partners or within our supply chain.

All St. Marys employees are required to sign a statement declaring they have read and understood the Code of Conduct, and annually complete Code of Conduct training every two years. The Code of Conduct also serves as a reference for companies in our production chain, our other commercial partners and represents a set of guidelines and principles that outline expected behaviour, ethical standards, and values for all stakeholders. The Code provides the appropriate manner to report suspicious conduct or a clear violation of laws and regulations applicable to our business or relationships, the Code of Conduct or the Company’s other internal policies, rules, and guidelines; and the possible consequences and actions to be taken in the event of a breach.

4.2 Contractual Provisions

We understand that our supply chain has the potential to cause impacts on the environment, working conditions and human rights. Therefore, we are committed to ensuring that our suppliers comply with the law and with our procedures. All of our standard contracts used for the purchase of goods and services, contain provisions that require third parties to warrant that services and products will be provided in accordance with all applicable federal, provincial, and municipal laws. Secondly, the contracts contain a provision acknowledging the vendor shares our commitment to high standards for ethical conduct, and the vendor has read and agrees to abide by our Code of Conduct.

4.3 Ethics Line

We encourage the reporting of any suspected wrongdoing through [Votorantim Cimentos Ethics Line](#), which is an impartial and secure channel that can be used by anyone, including St. Marys employees, suppliers, customers, and community members, to report suspected violations of the Code of Conduct and/ or the laws and regulations applicable to the company, or to clarify doubts about the guidelines set out in the Code of Conduct. The channel is available in several languages, including English, Portuguese, Spanish and French and can be accessed 24 hours a day, 7 days a week.

The Ethics Line is operated by Contato Seguro, a specialized and independent third-party company. To contact the Ethics Line, individuals can choose to either go through the independent portal, where you find access to make a complaint, ask questions or follow up on a report already made, or contact the Ethics Line by phone. When contacting our Ethics line, stakeholders can choose to identify themselves or remain anonymous.

How to get in touch:

(i) By portal: www.votorantimcimentos.com/ethicsline

(ii) By phone:

Country	Telephone
Brazil	0800 515 0008
Canada (French Language)	1 (800) 901-0115
Canada (English Language)	1 (800) 913-0598
Spain	900 876 068
United States	1 (800) 913-0598

Luxembourg (French or English Language)	800 22 873
Morocco	080-0092376
Tunisia	216 (31) 365 962
Turkey	0800 621 2404

(iii) On the Contato Seguro mobile application, which you can download from the Apple Store or Google Play

The Contato Seguro team of specialists are the first point of contact for reporting real or perceived misconduct and are trained to interact with stakeholders to better understand the concern and collect important information for the correct analysis. Once submitted, reports are forwarded to the Global Business Ethics Office of Votorantim Cimentos to review and analyze all cases with the appropriate internal groups. If the reports submitted are related to St. Marys Cement, they are referred to the Business Ethics Office in North America, which reviews the complaint and forwards it to the applicable team to perform an investigation. If St. Marys were to receive an allegation related to child or forced labour, our legal department would be consulted to determine the proper course of action and we may engage the support of a third-party investigator if required.

Every report made through the Ethics Line is investigated, and appropriate corrective measures will be taken for all reports determined to be legitimate and substantiated. We prohibit any form of retaliation, including exposing and threatening any people who, in good faith, collaborate with the Company to address reports of potential misconduct.

4.4 Supplier Due Diligence

We conduct due diligence on prospective suppliers located outside of North America using a risk-based diligence solution, Kroll, which allows for real-time database screening and ongoing monitoring of third parties for various risks and considers human rights abuses as well as child labour. Prior to doing business with a vendor with operations outside of North America, our Compliance team uses the Kroll First View Screen, to perform a background check. The Kroll solution assesses these prospective vendors against a database of profiles that have been linked to illicit activities from news sources, aggregates information from sanctions lists worldwide, global enforcement lists and court filings, includes profiles of politically exposed persons, and state-owned enterprises. If our Compliance team is not satisfied with the report findings, they may conduct additional due diligence prior to onboarding the supplier. Additionally, when a new risk event occurs, the responsible party at St. Marys receives an alert from the platform.

5. The Parts of Our Business and Supply Chains that Carry a Risk and Steps Taken to Assess and Manage that Risk

To begin to understand the ways in which our operational activities and supply chains could potentially cause, contribute to, or be directly or indirectly linked to actual or potential forced labour and child labour risks, we began mapping our operational activity and our tier 1 supply chain, identifying suppliers that provide us with goods and services and the country goods are procured from.

To deepen our understanding of our inherent forced labour and child labour risks, we engaged an independent third-party consultant following the Reporting Period to undertake a risk assessment of our operational activities and a subset of our supplier base from which St. Marys Cement procured goods and services from between January 1, 2023 to December 31, 2023. The third party utilized its forced labour and child labour risk assessment methodology to identify the

inherent risk rating for each supplier and operational activity by considering geographic risk, industry risk and industry controversy to produce an inherent risk rating.

As an inherent risk assessment, the results do not account for any specific due diligence or governance controls that St. Marys or specific suppliers have in place to mitigate their specific forced labour or child labour risks. The high-level findings of this assessment for our operations and supply chain are outlined in the following sections.

5.1 Risks of Forced Labour and Child Labour in Our Activities

St. Marys Cement directly employs unionized and non-unionized workers in Canada to perform operational activities at our corporate offices in Montreal and Toronto, as well as to manufacture and distribute heavy building materials including cement, aggregates, ready-mix concrete, and other construction-related materials. Our direct workforce operates our three cement plants, 66 ready mix concrete plants (excluding joint ventures), 33 aggregates facilities (20 sand and gravel operations and 13 limestone quarries) and 19 cement terminals in Canada, and supports product distribution by truck, rail and ships. Our operational sites are supported by an indirect workforce that is employed by suppliers to whom we outsource certain activities. Supply chain risks associated with these outsourced services, alongside other goods, and services we procure, are outlined in the following section.

Our corporate group functions provide day-to-day corporate activities. An assessment of the inherent risk for forced labour and child labour was determined to be low for these activities due to both geographical and industry-based risk characteristics. Our corporate functions are located in Canada, where stringent labour laws, including regulations on minimum working age and rigorous protections against workplace exploitation, result in a lower inherent geographical risk of forced and child labour. Furthermore, the nature of the activities performed by these employees typically require higher levels of skill and education and have a lower labour intensity, which reduces the likelihood of engaging underage or forced labour.

Operational activities associated with the production of cement, ready-mix concrete and aggregates were assessed as a medium inherent risk of forced labour and child labour. These results are driven primarily by industry specific characteristics associated with manufacturing construction materials. Certain raw materials commonly used in the production of cement, concrete, and aggregates, such as sand, stone, and gravel, are recognized as having an elevated inherent risk for forced labour and child labour due to their labour-intensity and the inconsistently regulated nature of their extraction and production processes.

Trucking activities in Canada were also identified as carrying a risk of forced labour and child labour. Inherent risks of driver exploitation may be elevated due to high demands and delivery time pressures associated with the industry. The prevalence of sub-contracted or temporary labour in the trucking industry may also reduce visibility over drivers' working conditions. These inherent risk ratings within our operational activities are based on the nature of the activities and operating location only, and do not account for any controls St. Marys has in place at these sites to mitigate specific child and forced labour risks.

While we have yet to develop operational controls specific to the forced labour and child labour risks identified, 55,01% of our workforce is covered by collective bargaining agreements which mandate specific working conditions, include fair wages, and reasonable hours of work, which reduces the risk that those practices occur at any of our plants and terminals. Further, for our hauling and trucking needs, our own workforce as well as third party service providers are required

to have a government issued drivers' licences which are only available to adults, and other permits as required by law.

5.2 Assessment of Supply Chain Risk

We assessed the inherent risk among a sample of 539 suppliers from our list of suppliers that provided goods and services to us from January 1, 2023 to December 31, 2023. The suppliers included in the assessment were associated with a total of CA\$774.2 million procurement spend across 21 countries. The majority of suppliers evaluated were found to have a low-medium or medium inherent risk rating for forced and child labour risk. No suppliers were assessed to have a high inherent risk of either child or forced labour.

Approximately 5% of assessed suppliers received a medium-high inherent risk rating. Suppliers with elevated inherent risk ratings primarily provided goods and services related to the production and distribution of cementitious materials from higher risk countries. For forced labour, medium-high risk suppliers were identified in the trading companies & distributors, diversified support services and construction materials industries for suppliers operating in Egypt, Spain, and Turkey. For child labour, medium-high inherent risks were identified for construction materials, construction & engineering, diversified support services, trucking, marine and electrical components & equipment suppliers, operating in countries including the United States, Turkey, Brazil, Spain, Panama, and Austria.

We also have several outsourced service suppliers supporting our Canadian operational sites providing diversified support services, including catering, cleaning personnel, facilities management services, storage, and warehouse services. These outsourced services carry a medium inherent risk for forced labour and child labour due to its lower-skilled and labour-intensive nature, and increased likelihood of sub-contracted, migrant and/or temporary workers who may be more vulnerable to unfair working conditions. We also outsource distribution to third parties. These outsourced activities align to the medium inherent risk found in our operational risk assessment.

We recognize that it is critical to first identify areas of elevated inherent risk for forced labour and child labour to assist with the risk-based segmentation of suppliers. This exercise has allowed us to prioritize our due diligence efforts among the supplier sample. In the upcoming reporting period, we plan to conduct a residual risk assessment on a sample of the suppliers identified as medium-high risk and seek to identify any operational controls these suppliers have implemented that may help to mitigate the inherent risks identified.

6. Measures Taken to Remediate Forced Labour or Child Labour

At this time, we have not identified instances of forced labour or child labour within our activities or supply chains. As such, no specific remediation measures have been undertaken to date. We have an existing grievance mechanism in place that allows for the confidential submission of any suspected breaches of our Code of Conduct or relevant laws applicable to our business. Our grievance mechanism can be accessed through the Ethics Line as described in section 4.3. If any instances of forced labour or child labour are identified in the future, we would consider appropriate means of remediation.

7. Remediating the Loss of Income to the Most Vulnerable Families

St. Marys Cement recognizes that efforts to prevent and reduce the risks of forced labour and child labour can have the unintended consequence of contributing to a loss of income for the most vulnerable families. St. Marys Cement is not aware of any instance where its efforts to mitigate the risk of forced or child labour in its activities and supply chains may have contributed to a loss of income for vulnerable families.

8. Training Provided to Employees on Forced Labour and Child Labour

All employees are required to sign a statement declaring they have read and understood the Code of Conduct, which includes our prohibition on use of child, slave or slave-like labour in our operations or those of our business partners. All employees must complete Code of Conduct training every two years. The Code of Conduct training includes a module explaining the conduct that we expect from all our employees and partners, Code violations and how to report misconduct through our Ethics Line and disciplinary measures. We do not currently provide specific training to employees on forced labour and child labour risks.

9. Assessing Our Effectiveness

St. Marys Cement has not yet established a framework for evaluating the efficacy of our efforts to mitigate the risk of forced labour and child labour. In the future we will look to develop an approach to measure and assess the effectiveness of our actions.

10. Attestation Statement

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

I have the authority to bind St. Marys Cement Inc. (Canada),

DocuSigned by:

Jolanta Malicki

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Jolanta Malicki

Corporate Secretary

St. Marys Cement Inc. (Canada)

Date: May 2nd, 2024