



HEIDELBERG MATERIALS CANADA LIMITED

2023 Supply Chains Act Report

May 2024



Introduction



distribu on terminals, which supply customers throughout the market area. The Company also has a strong



(ii) Aggregates

The Company's aggregates business includes the excavation, supply and distribution of various materials, which include sand and gravel, crushed stone, limestone and other inputs used in the manufacture of ready-mixed concrete products. The Company owns and operates a number of quarries for production of salable materials, including: (a) Sechelt Quarry located in Sechelt, British Columbia; (b) the Pilot Butte Pit located in Regina, Saskatchewan; (c) Gilley's Quarry located in Coquitlam, British Columbia; and (d) Villeneuve Pit located in Sturgeon, Alberta. In addition to using aggregates excavated from its own facilities for the production of cement and ready-mixed concrete products, the Company also sells aggregates to other local customers.

The Company occasionally purchases aggregates from other local suppliers if it does not have adequate inventory at its own facilities for resale to its customers. See " " below for more information.

(iii) Ready-mixed concrete

A segment of HMCL's business includes the manufacture of the aggregates and cement that



("Supplier Code of Conduct"),¹ which requires compliance with human rights due diligence obligations, such as the prohibition of forced labour and rules on non-discrimination and good working conditions, including health and safety at work. The Supplier Code of Conduct requires suppliers to, among other things:

- comply with the principles set out in the Supplier Code of Conduct and to require same from their suppliers;
- not use child labour, and to establish policies relating to minimum age for employment, workplace activities, and the number of working hours per week in accordance with applicable laws;
- not use any form of forced or compulsory labour as defined in the ILO Forced Labour Convention and afford employees various labour-related rights specified in the Supplier Code of Conduct; and
- provide safe and healthy working conditions that meet or exceed applicable standards for occupational health and safety under applicable laws.

The Supplier Code of Conduct is incorporated into HMCL's purchase agreements, whether those agreements be in the form of a tender, purchase order, or negotiated pricing terms. The Company's standard form of services agreement provides that HMCL may terminate such agreement if the supplier breaches any term of the Agreement, which includes any breach of the Supplier Code of Conduct. In addition, HMCL engaged in various forms of due diligence in 2023, including screening each of its suppliers monthly using trade compliance management software.

In 2023, the Company's suppliers with either: (i) high-risk factors; or (ii) annual Company spend over \$3.25 million CAD, were asked to complete a Supply Chain Sustainability survey (the "**Survey**") on either IntegrityNext or Aveva which asked questions about indicators of forced labour and child labour in addition to other human rights related subjects. The Survey aggregates each supplier's responses into a report to easily assess each supplier's overall performance, highlighting whether a supplier is actively engaging in practices that increase the potential for human rights violations to occur in a company's supply chain. Follow-up actions are essential for suppliers categorized as red. If a supplier has been flagged as red, the human rights coordinator thoroughly examines its responses to determine which aspects of human rights concerns covered by the Survey they are not in compliance with. After identifying the specific issue(s), the human rights coordinator initiates a dialogue with the supplier to enhance their understanding and awareness. In certain cases, a short-term, medium-term, or long-



assessment allows us to identify any impacts that HMCL causes directly, the ones that we contribute to, as well as the impacts that are indirectly linked to our operations, products, or services through our business relationships, in particular the supply chain.

The Company's analysis of supply chain risk is supported by Heidelberg AG, through the "Responsible Procurement" initiative. As part of the abstract risk analysis, both country and industry risk for human rights, and environmental standards, are identified for direct suppliers and, on an abstract basis, also in the upstream supply chain. Country risk assessments are based on a selection of indicators and sources recommended by the UN Global Compact. Industrial risks are determined using standard market sources and databases, such as the CSR Risk Check or studies by the Business & Human Rights Helpdesk. The results of the country and industry risk analysis are combined to calculate an abstract risk score for direct suppliers. In the second step, the concrete risk analysis, potentially risky suppliers are identified on the basis of further investigations and the collection of additional information. In the third step, Heidelberg AG prioritizes risks for the previously identified high-risk suppliers according to subject areas and using various sustainable



employees will be required to repeat this training every two years. The training covers topics such as equal treatment, child and forced labour, fair and safe working conditions, freedom of association, land rights and grievance procedures. Participants are confronted with various scenarios in order to recognize problems and respond appropriately. In addition, topics such as the Supplier Code of Conduct are addressed in other digital courses that HMCL offered in 2023.

In 2023, Heidelberg AG held in-person events on the topics of human rights, equal treatment and due diligence in 28 countries in which it operates. Over 10,000 employees from the global group took part in these training sessions, including managers as well as administrative and operational employees. The aim of these training sessions was to raise awareness of human rights issues and equal treatment and to train the workforce in careful and appropriate conduct. As part of the executive committee meetings and the annual meeting of the global legal departments, special training sessions were held for managers at the global level as well as for all heads of local legal and compliance departments. These training sessions focused on corporate due diligence in relation to human rights.



or increased risks from an external perspective. This continuous monitoring enables us to recognize potential human rights concerns at an early stage.

F. Approval and Attestation

This Report has been approved by HMCL's Board of Directors.

In accordance with the requirements of the Act, and in particular Section 11 thereof, I confirm that this report has been approved by the HMCL board of directors, and I attest that I have reviewed the information contained in this 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.

May 31, 2024

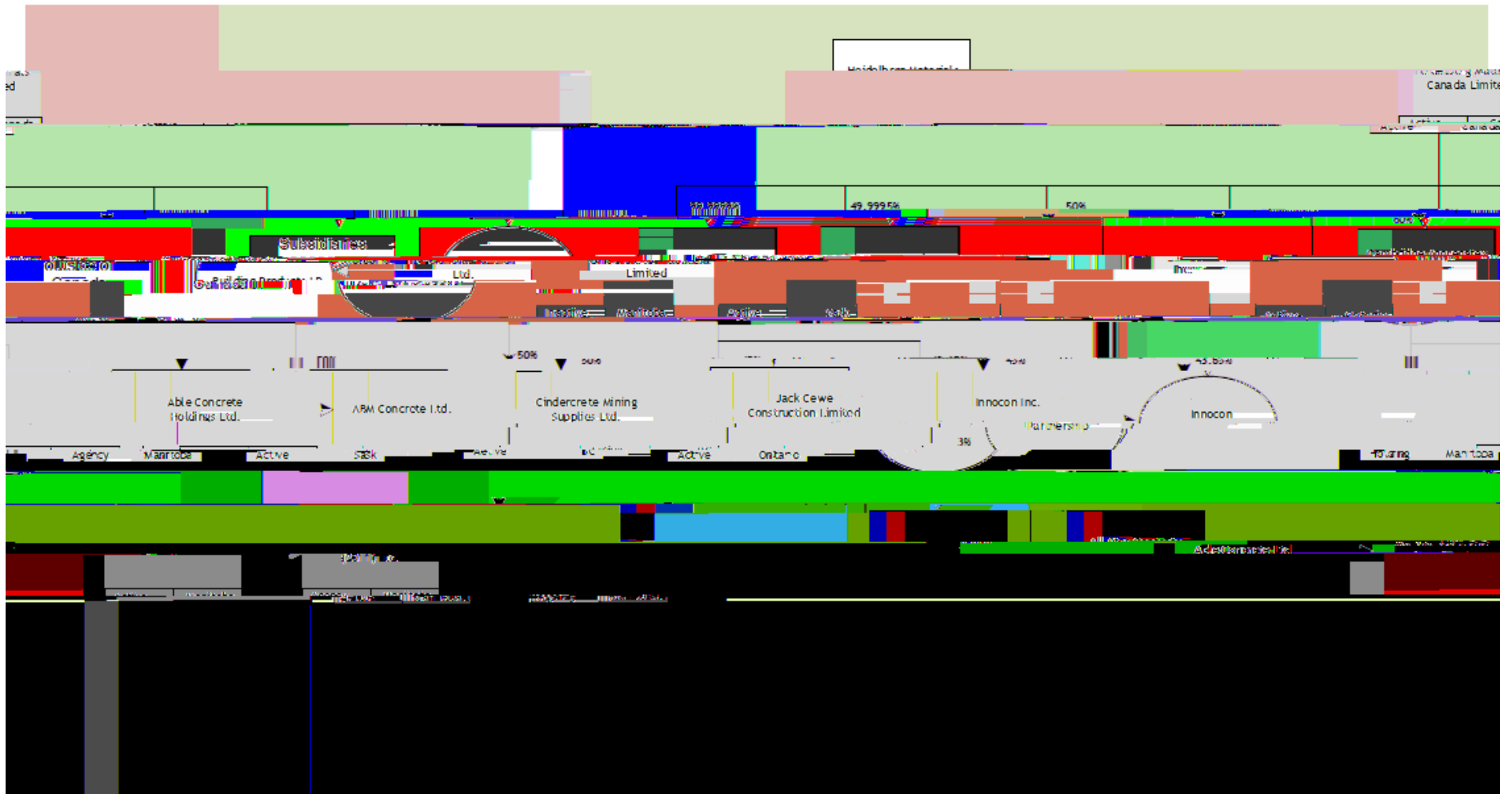
Signature:

May 31, 2024



Appendix 1

Corporate Structure





Appendix 2

Map of Operations

