

'Modern Slavery Report 2023 Sultran Ltd. and Pacific Coast Terminals Co. Ltd.

1.0 Introduction

This Modern Slavery Report (the "**Report**") is prepared by Sultran Ltd. ("**Sultran**") and its wholly owned subsidiary Pacific Coast Terminals Co. Ltd. ("**PCT**") (collectively with Sultran, the "**Enterprise**", "**we**", "**us**" or "**our**") for the fiscal year ending December 31, 2023 ("**Fiscal 2023**") as required by the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "**Act**"). This report sets out the steps we have taken to prevent and reduce the risk that forced labour or child labour is used at any step in our business and supply chains.

2.0 Steps to Prevent and Reduce the Risk of Forced Labour and Child Labour

We consider the respect of human rights to be a fundamental corporate responsibility and a value governing all our activities. We place the highest importance on respecting human rights while conducting our business activities everywhere we operate. We expect the same of our business partners.

The Enterprise is committed to implementing strategies and processes to better identify, prevent, and reduce the risks that forced labour and child labour are used within its business and supply chains.

In general terms, we took the following steps during Fiscal 2023 to prevent and reduce the risk of forced labour or child labour in our operations and supply chains:

- Conducted a preliminary initial assessment of the risks of forced labour and child labour in our operations and supply chains;
- Conducted a review of some of our internal documents which included ensuring our Code of Conduct was reviewed and signed by all staff, reviewing our customer and supplier obligations under our Environmental Conservation Policy, and reviewing our current purchasing policies; and
- Undertook efforts to increase the awareness and understanding of the Act through participation in external presentations and discussions, discussion at Board of Director and Audit Committee meetings and internal management meetings.

Through the course of our preliminary assessment, we determined that the risk of forced labour and child labour in our business and supply chains is low and that our largest risk factor is related to PCT's importation of goods for use in our operational activities during Fiscal 2023. Sultran's logistical services did not import any goods during Fiscal 2023.

3.0 Structure, Activities and Supply Chains

Sultran is incorporated under the *Alberta Business Corporations Act* and operates from its offices in Calgary, Alberta. PCT is incorporated under the British Columbia *Business*

Corporations Act. PCT is a tidewater terminal located in Port Moody, British Columbia. PCT is a wholly owned subsidiary of Sultran that was acquired in 1982.

The Enterprise provides logistical services to enable the export of formed sulphur. These services start with the assignment of the Enterprise's fleet of owned railcars to various third party owned and operated production facilities in Alberta and British Columbia. Sulphur is loaded into the railcars and then transported via either Canadian rail carrier CN or CPKC for delivery to either PCT or a contract third party owned terminal. We contract with Canadian based suppliers to manage product quality. Production, sales and ownership of the sulphur remains with each producer/marketer at all times. We maintain an active inspection, repair, and maintenance program for our fleet of railcars. Inspections and maintenance are conducted through Canadian based third-party home-shops.

Procurement of supplier services supporting the transport and logistical efforts is through a small number of suppliers who we choose to establish long term contractual relationships and engage with in an ethical, and socially responsible way. All logistical activities are services conducted in Alberta and British Columbia.

The Enterprise has entered into long-term Terminal Service Agreements ("**TSA**") with various companies to enable the receipt, temporary storage and vessel loading of four commodities; formed sulphur, potash, canola oil and ethylene glycol. All of these commodities are produced in Canada, delivered by rail via one of our Canadian rail carriers, CN or CPKC and offloaded to the Enterprise or either directly to vessel or to temporary storage for subsequent vessel loading. The Enterprise's operations are highly automated and utilize complex machinery and equipment to offload commodities, temporarily store the products in their dedicated spaces and ultimately load commodities into vessels operated by the respective producer. Ownership of all commodities remains with the respective producer/marketer at all times. Export sales and resultant vessel scheduling are the responsibility of the producer.

The Enterprise maintains a proactive maintenance and repair program to ensure 24/7 operational capacity of its facility. In order to do so, the Enterprise imports components from outside Canada that are used in the maintenance and repair of its terminal operating equipment amongst other uses. We procure a significant proportion of our components from a small number of suppliers and choose to establish long term relationships and to engage with all suppliers in an ethical, and socially responsible way. Component importation is managed through a customs and duty broker and sourced from distributors mostly located in the USA and Europe. The Enterprise maintains long-standing relationships with most of its suppliers.

The vision, mission and values of the Enterprise are outlined below:

- Vision:** We are a world-class supply chains solutions company for bulk commodities serving the global market
- Mission:** We are a strategic partner providing reliable and competitive supply chains solutions for bulk commodities.
- Values:** Integrity, Adapt & Evolve, Service Excellence, Results-Driven

4.0 Risk Assessment

We have started the process of identifying risks of use of forced labour and child labour in our supply chains. These risks are related to the industry we operate in, our services provided to customers, our general nature of supplier relationships – long-term contracts and/or stable supplier base, our supplier locations and in the case of PCT, the types of products we import for our use, the locations of these suppliers and whether they are in areas where jurisdictional risks including conflict, poverty, and enforcement of human rights standards are involved.

The Enterprise views the overall risk of forced labour and child labour in its business and supply chains as low. Our initial risk assessment included a review of our business activities which revealed that most were Canadian based. This assessment included a search for import documents which identified a small set of international component suppliers where PCT was the importer of record in Fiscal 2023. Based on available information, this initial risk assessment indicated that a further small percentage of these suppliers carry risks of forced labour and child labour when considering the above listed factors, amongst others.

That said, we do not supervise or control our suppliers and despite our effort to take increased actions to ensure our entire supply chain is free of any forced labour and child labour, there may nonetheless remain a risk of forced labour or child labour on products we source from third parties where we may not have complete visibility into their supply chain. That said, we assess the risk of forced labour and child labour in our supply chains as low given the type and complex nature of the components we require to ensure the maintenance and repair of our facility.

Although we have not identified any forced labour or child labour in our activities and supply chains, we remain dedicated to continuous monitoring and caution, and we are committed to developing an expanded risk management framework at a later stage. The Enterprise has embarked on a process to standardize and update various processes including procurement. As part of this effort, we will include the process of evaluating effective strategies to better identify the risks of forced labour and child labour in our business and supply chains.

Our policies and business practices embody the requirement of all of our business partners and supplier engagement and cooperation. We expect each one to meet the highest standards of quality and ethics, as set out in our policies and codes of conduct, and as discussed elsewhere in this Report.

As part of this process, we have determined the need to build a distinct Enterprise-wide Supplier Code of Conduct with one of its objectives aimed at effectively managing our risk of forced labour and child labour in our supply chain with an implementation timeline of early Q4-2024. In order to ensure that our suppliers meet the same high standards that it sets for itself, we intend on having suppliers certify that their business and supply chains comply with all applicable laws and that they are free of forced labour and child labour.

5.0 Policies and Due Diligence Processes

The Enterprise is committed to embedding human rights considerations into its policies, governance frameworks and decision making. These policies set a high bar for us, our suppliers, and our selling partners, and make it clear that we do not tolerate any forms of

forced labour or child labour. We are committed to consistently evolving and improving our approach. We do not tolerate child, forced or bonded labour in any of our operations or supply chains and by suppliers working for us. Further details on some of our policies is provided below:

Code of Conduct

A Code of Conduct is signed by each and every employee annually. The Code of Conduct notes that each employee holds a position of trust and that they represent the Enterprise through their relations with customers, supplier, other employees, competitors, governments, shareholders or the general public.

Each employee is entrusted to act in a manner that represents the Enterprise's reputation for honesty, integrity and faithful performance of its undertakings and obligations.

Implicit in this Code of Conduct is the following of ethical business practices, compliance with regulatory obligations and awareness of issues related to the general public.

Purchasing Policies

Management is responsible for monitoring and ensuring employees understand the Code of Conduct and Corporate Policies and Procedures. Employees are responsible for their compliance.

We maintain a stringent zero tolerance policy towards illegal activity under our Anti-bribery and Corruption policy. Use of forced or child labour would fall under this Policy and would require immediate action as outlined in the policy.

Our purchasing policy requires procurement to be conducted while maintaining the highest ethical standards and in the best interest of the company. Our Environmental Conservation Policy further supports these obligations.

We have not prepared specific policies and procedures with respect to forced or child labour due to the limited scope of the perceived risk. We expect and rely on our suppliers to comply with all regulatory requirements including those that pertain to forced labour and child labour.

Whistleblower Policy

Our Whistleblower Policy requires our employees and contractors to report any breaches of the Enterprise Code of Business Conduct and Ethics Policy ("**Code**") which include financial or corporate misconduct. Our Enterprise Whistleblower policy includes the use of a confidential third-party portal. The third-party line is available to all staff on a 24/7 basis.

Due Diligence

We expect third parties with which we work to adhere to business principles and values similar to our own and to comply with all applicable laws and regulations.

While the risk that our employees working in our facilities in Canada are subjected to forced labour or child labour is low, we acknowledge that we have less visibility and control over our third-party suppliers and the risks of forced labour and child labour in their supply chains. In order to mitigate this risk, we follow a due diligence approach that includes the following steps:

- 1) Monitor business activities for risks of forced labour and child labour; and
- 2) Maintain responsible business conduct within our policies and management systems.

6.0 Assessing Effectiveness

As part of our governance processes, we review any concerns raised through our Whistleblower Policy and other informal mechanisms of employee feedback. To date, no concerns or complaints regarding forced labour and child labour in our business or supply chains have been identified.

The Enterprise is committed to assess the effectiveness of its policies by reviewing all of its policies on an annual basis. We expect little change in our customer and supplier base for the foreseeable future. Accordingly, we continue to believe our risk of exposure to forced labour and child labour remains low given the narrow scope of our activities.

7.0 Remediation

Our Code of Conduct, Environmental Conservation Policy and our Whistleblower Policy require that all employees and suppliers report actual or possible misconduct. Our whistleblower policy offers direct and indirect mechanisms to our employees and suppliers to report actual or possible misconduct, among other concerns.

No instances of forced labour or child labour were identified in our operations or supply chains in Fiscal 2023 and as such we have not taken any measures to remediate any forced labour and child labour or the loss of income to the most vulnerable families arising from such measures.

Although we are not currently aware of any forced labour and child labour in our business and supply chains, if we were to discover any forced labour and child labour in our business and supply chains, we would consider taking any or all of the following measures, amongst others, to immediately remediate such forced and child labour:

- Suspension or termination of a supplier agreement; and
- Consider further actions to prevent forced labour and child labour and associated harms from reoccurring.

8.0 Training

Our employees receive rotational training on policies during each fiscal year. All new employees must complete a mandatory onboarding program which includes review and signing of our Code of Conduct, training on our values and policies and how to report any corporate indiscretion or behaviour via the Whistleblower Policy.

The procurement function within our Enterprise is distributed within the transport and logistics, terminal and corporate services functions. Therefore, to ensure enterprise-wide knowledge we use enterprise staff meetings and Town Halls to address policy topics such as supply chain exposures to forced labour or child labour. These meetings are scheduled throughout the year.

9.0 Attestation

In accordance with paragraph 11(4)(b)(ii) of the Act, this Report was approved by the Board of Directors of Sultran Ltd. on May 30, 2024 and has been submitted to the Minister of Public Safety and Emergency Preparedness in Canada. This Report is also available on Sultran Ltd.'s company website at www.sultran.com.

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



Wade Leslie
President & CEO
May 30, 2024

I have the authority to bind Sultran Ltd.