



REPORT ON EFFORTS TO PREVENT AND REDUCE THE RISK OF FORCED LABOUR AND CHILD LABOUR

About Enerkem

Enerkem's mission is to build a sustainable future by commercializing its ground-breaking technologies producing low-carbon fuels and circular chemicals to support the energy transition for the hard-to-abate sectors, address waste management challenges and contribute to a circular economy.

Enerkem is a Canadian corporation founded in 2000 with its headquarters in Montreal. Enerkem also has offices in Sherbrooke and Westbury, Québec, as well as a limited number of employees in Europe, the United Kingdom, and the United States. On average Enerkem employed over 150 people in 2024.

Our Business Model

TECHNOLOGY LICENCE

Enerkem provides its clients and partners with a license agreement package to build and operate the facilities they need.

SPECIALIZED EQUIPMENT

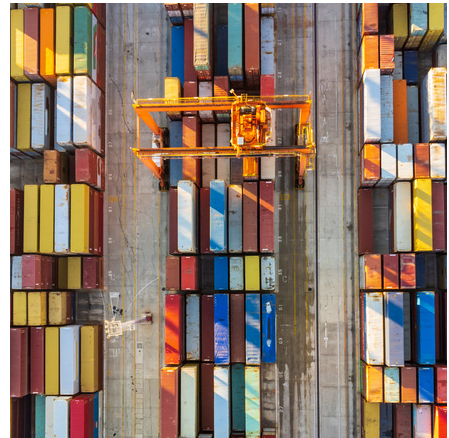
Enerkem designs and oversees the manufacturing of proprietary equipment associated with its technology (e.g., pressure vessels, heat exchangers, compressors, pumps, etc.). Our equipment is meticulously designed, engineered, and integrated to ensure the performance of our technology.

SUPPORT SERVICES

Enerkem also provides support services, including technical support during project execution, training, and the development of tools to help teams carry out operations safely and efficiently, as well as ongoing technical services following plant performance testing.

Context

Forced labour can be found in every country and every sector. According to Public Safety Canada, the International Labour Organization estimates that there are approximately 27.6 million victims of forced labour worldwide, including 17.3 million in the private economy. Forced labour and child labour risks occur primarily through the global supply chains of businesses.



The [Fighting Against Forced Labour and Child Labour in Supply Chains Act](#) (the “Act”) requires certain federal institutions and private-sector entities to submit a report on the measures they are taking to prevent and reduce the risk of forced labour or child labour in their supply chains. This Act has been in effect since January 1, 2024, and Enerkem has determined that it is subject to it.

In this context, Enerkem submitted its first report in 2023 outlining its efforts to combat forced labour and child labour. This report outlines Enerkem’s efforts in 2024 and the progress made since 2023.

Our Supply Chain

Enerkem sells licences and supports the development, construction, commissioning, and operation of facilities that use its technology. In other words, for each plant, Enerkem provides a complete technological solution that includes key equipment, engineering services, and support for commissioning and start-up following construction.

Enerkem has an agreement with Recyclage Carbone Varennes (RCV) to provide a technological solution for the commercial facility in construction in Varennes, Quebec, that will produce methanol from non-recyclable waste and residual biomass. As part of this project, Enerkem is working with 68 main suppliers to procure its equipment. These suppliers are located across ten countries around the world, with the majority headquartered in North America (Figure 1).

Enerkem's main suppliers provide a range of equipment for its technology solutions, including pressure vessels, heat exchangers, compressors, pumps, instruments, and valves.

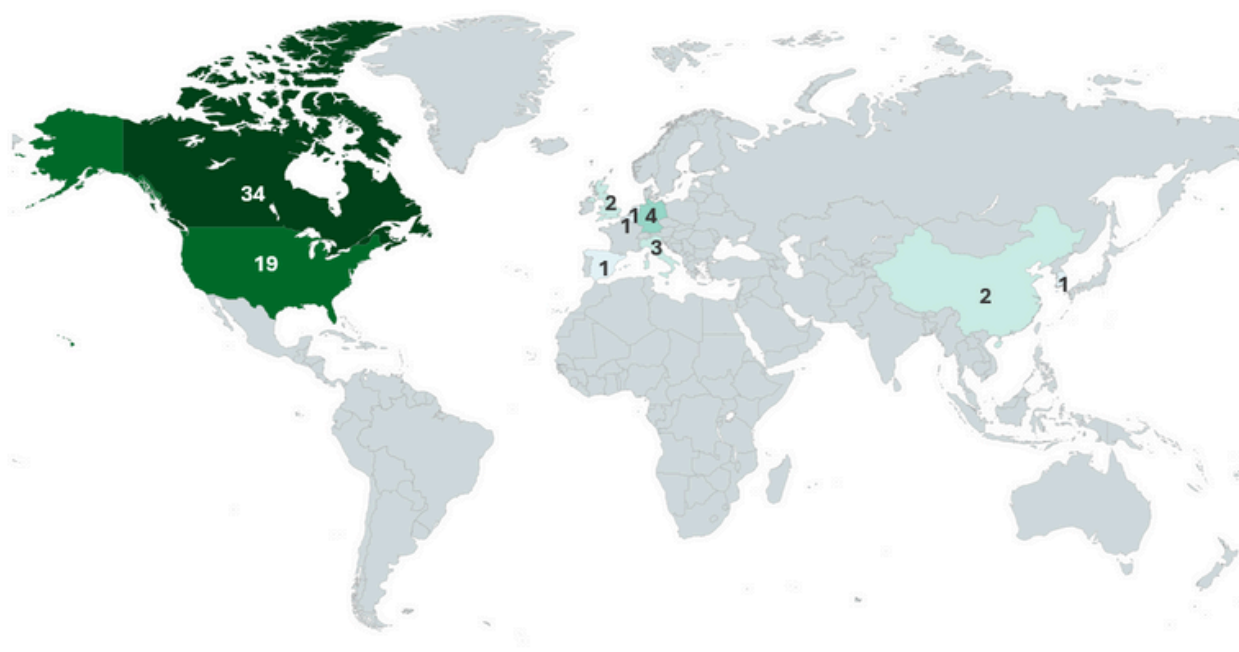


Figure 1: Location of the 68 main equipment suppliers for the RCV project

In anticipation of its upcoming projects, Enerkem undertook a streamlining of its supplier portfolio in 2024. The reduction in the number of suppliers has helped foster stronger strategic partnerships, thereby improving quality, reliability, and innovation. By simplifying supply chain management and enhancing oversight of performance and risk, this approach supports greater operational efficiency, improved regulatory compliance, and more informed decision-making. The headquarters of these companies are now located in eight countries worldwide. Figure 2 provides an up-to-date overview of their locations.

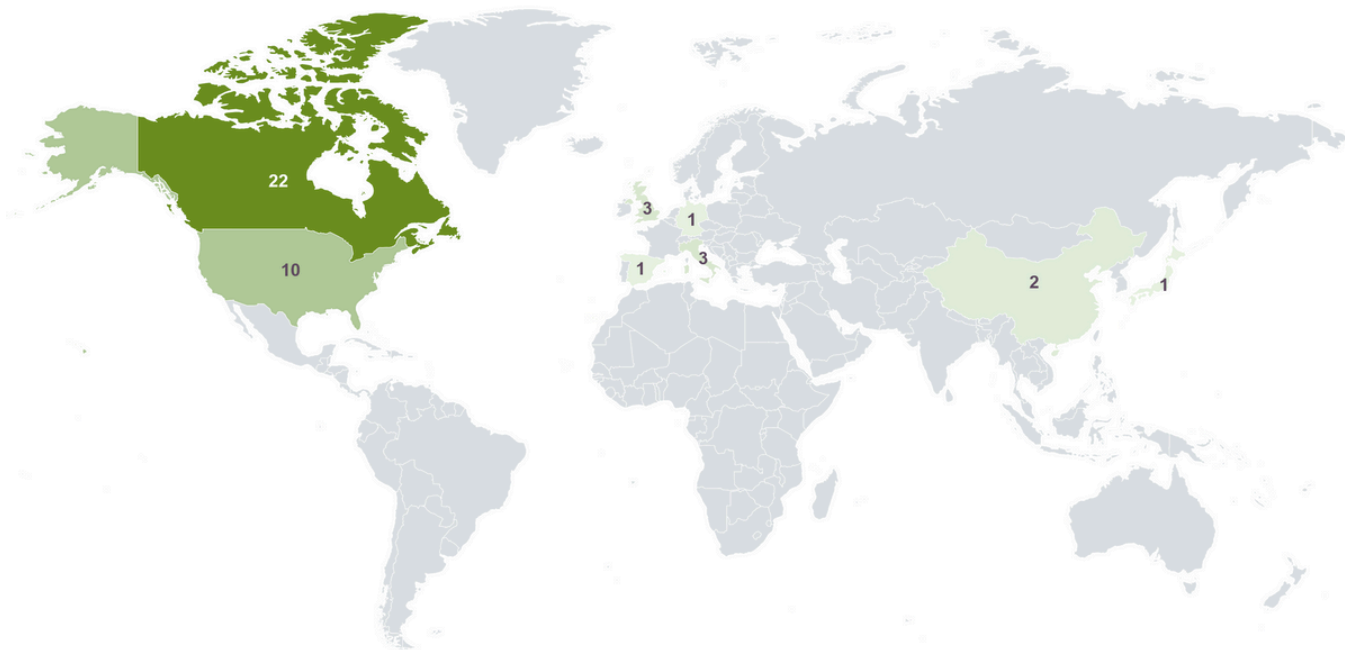


Figure 2: Location of Enerkem's key suppliers in 2024

Out of a total of 43 key suppliers, 76% are located in North America (51% in Canada and 24% in the United States), and 19% are in Europe, for a combined total of 95% across these two regions.

Our Efforts in 2024

Training of the Procurement Team on Forced Labour and Child Labour in Supply Chains



Procurement Team Training
(15 employees)

In fall 2024, Enerkem's procurement team received training from an expert at Espace de concertation sur les pratiques d'approvisionnement responsable (ECPAR), a recognized leader and authority in responsible procurement in Quebec.

This training, first held interactively online with the fifteen employees of the procurement team, was recorded and made available to all Enerkem employees. It is now also part of the welcome package for new procurement employees.

This initiative fulfills our 2024 commitment to provide training on the fight against forced labour and child labour to our staff in the procurement department who engage directly with key suppliers.



Enerkem's First Responsible Procurement Policy and Contractual Requirements for Suppliers

Responsible procurement is one of the twenty key issues identified in Enerkem's sustainable development strategy, formalized in 2023. Developing a responsible procurement policy is an integral part of this sustainable development approach and is one of the first concrete steps in addressing this issue.

Drafted in 2024, the policy is based on Enerkem's fundamental values and internal processes. It will be adopted by management and published on Enerkem's website in 2025.

This initiative fulfills our 2024 commitment to develop and implement a responsible procurement policy that specifically addresses the fight against forced labour and child labour.

Additionally, Enerkem developed anti-forced labour and anti-child labour contractual clauses in 2024 that will be included in its main procurement contracts moving forward.



Enerkem's First Responsible Procurement Policy
(pending approval)

First Assessment of the Efforts of Enerkem's Key Suppliers to Combat Forced Labour and Child Labour



Through the Avetta platform, Enerkem has begun assessing its key suppliers on their approach to combating forced labour and child labour in their supply chain. For suppliers on the platform, a questionnaire on the subject was sent out and completed by approximately 35% of suppliers in 2024.

One of Enerkem's objectives is to have all of its key suppliers complete a questionnaire on this issue over the coming years.

This action is in line with our 2024 commitment to encourage our suppliers to provide information about their efforts to combat forced labour and child labour within their supply chains.

Enerkem is still in the process of gathering sufficient information on its supply chain and suppliers. Enerkem has not yet systematically identified elements of its operations and supply chain that may pose an increased risk, nor has it taken steps to mitigate these risks.

Enerkem did not take measures in 2024 to remediate forced labour or child labour. Therefore, no measures were put in place to remediate the potential loss of income of the most vulnerable families that could have resulted had Enerkem taken actions to eliminate the use of forced labour or child labour. Enerkem does not yet employ measures to evaluate the effectiveness of its efforts to avoid the risk of forced labour or child labour in its activities and supply chains.

Our Commitments for 2025

In 2025, Enerkem will continue its commitment to combating forced labour and child labour through the following actions:

- Adopt Enerkem's first responsible procurement policy.
- Review periodically Enerkem's policies and procedures related to forced labour and child labour (renewal of the 2024 commitment).
- Develop and implement contractual clauses in Enerkem's main supply agreements aimed at reducing the risk of forced labour and child labour (renewal of commitment 2024).
- Include supplier evaluation criteria based on their efforts to combat forced labour and child labour in Enerkem's selection processes.

In the longer term, Enerkem also aims to strengthen its approach to combating forced labour and child labour through the following measures:


- Encourage all of its key suppliers to adopt a responsible procurement strategy so they incorporate measures to combat forced labour and child labour within their supply chains.
- Map the supply chain of subcontractors (the suppliers of our suppliers).
- Identify potential risks for Enerkem's supply chain following the supplier assessments and develop an action plan with concrete steps to mitigate these risks.

Report Update

An annual update process is planned for this report. Each report will be published on Enerkem's website on or before May 31 of each year.

Signature

In accordance with the requirements of the Act, and in particular section 11 thereof, I, in the capacity of Chief Executive Officer, attest that I have reviewed the information contained in Enerkem Inc.'s report and that the governing body of the entity has approved the report. Based on my knowledge, 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 within this report.



Michel Chornet
Chief Executive Officer
May 31, 2025

I have the authority to bind Enerkem Inc.

