

Fighting Against Forced Labour and Child Labour in Supply Chains Act, SC 2023

Camso Inc. Overview

Reporting entity's legal name.....Camso Inc. ("Camso")
Financial reporting year.....January 1st to December 31st
Identification of a revised report.....N/A
Business number.....100746601RC0004
Identification of a joint report.....Camso Distribution Canada Inc. ("CDC")
Identification of reporting obligations in other jurisdictions.....N/A
Entity categorization according to the Act ...Obligated
Sector/industry.....NAICS Code # 336990
LocationMagog and Shawinigan, Quebec

Steps taken:

Camso has taken the steps as described below.

Details 11(3):

a. *Structure, activities and supply chains*

Structure: Camso Group was purchased by the Michelin Group ("Group") on December 18, 2018. Headquartered in Clermont-Ferrand, France, the Michelin Group has operations in over 175 countries, supported by its global workforce of 132,000 employees. It also operates 121 production facilities in 26 countries worldwide. CGEM is listed on the Paris Stock Exchange. While Camso and CDC are different legal entities, Camso is integrating Michelin's structure and policies as part of its integration.

Activities: Camso is specialized in designing, manufacturing and distributing off-road tires, tracks, and systems. Camso employs approximately 400 employees in Canada and has sites in Quebec and Ontario; One research and development center and offices in Magog, Quebec; and one manufacturing site in Shawinigan, Quebec and distributions centers located in Mississauga Ontario, Montreal and Quebec.

b. *Policies and due diligence processes in relation to forced labour and child labour*

Camso's ultimate parent company, CGEM, is listed on the Paris Stock Exchange and is therefore subject to the French law known as the Duty of Vigilance Law Act No. 2017-399 of 27 March 2017 ("Duty of Vigilance Law").

The Duty of Care Plan - built on recognized international standards contained in, notably, the United Nations Principles on Business and Human Rights, the fundamental conventions of the International Labour Organization and the Organization for Economic Co-operation and Development Guidelines for

Multinational Enterprises – has a crucial role to play in maintaining the Group’s values and commitment to responsible development in relation to all of its stakeholders. A copy of the latest Duty of Care Plan can be found on <https://www.michelin.com/en/sustainability/company>.

All members of the Michelin Group, including Camso, are required to comply with, and have adopted the Duty of Care Plan. It is committed to preventing adverse human rights impacts, including modern slavery, in its operations and in its supply chains. The Michelin Group’s policies reflect the Group’s commitment to acting ethically and with integrity in all its business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking is not taking place anywhere in its supply chains.

The Duty of Care Plan expands on the initiatives already embedded in the Michelin Group’s founding documents and policies that underpin its duty of care commitments and initiatives. Camso adopted and deployed or is currently deploying the following policies:

- The Code of Ethics;
- The Purchasing Principles;
- Health, Safety and Quality of Work life Policy;
- The Environmental General Policy Note;
- Diversity and Inclusion Policy;
- The Sustainable Natural Rubber Purchasing Principles; and
- The Master Policy on Human Rights issued in 2022.

The Michelin Group maintains an anonymous Group Ethics Line that is managed by an independent third party (Navex). All employees and suppliers are advised of this tool and have access to it. Employees are actively encouraged to raise concerns relating to ethical issues including but not limited to those relating to harassment, fair treatment, and corruption with their managers, human resources department and/or via the Group Ethics Line.

Whistleblowers are protected by whistleblower protection policies. In December 2023, Michelin Group issued an update to its standing Whistleblower Policy (originally published in 2019).

Camso will take disciplinary action against any employee found to be involved in breaking laws in relation to any form of modern slavery including but not limited to, child labour, forced labour, slavery and human trafficking.

c. *Parts of the business and supply chains that carry a risk of forced labour or child labour being used and the steps taken to assess and manage that risk*

The identification, prevention and mitigation of the potential risks of modern slavery within the Michelin Group operations are detailed in the Duty of Care Plan. These modern slavery risks are, broadly, (i) health and safety risks; (ii) human rights risks; and (iii) risks associated with suppliers’ CSR (“Corporate Social Responsibility”) practices, particularly with respect to raw materials. Michelin’s Duty of Care Plan 2022, published in May 2023: <https://www.michelin.com/en/sustainability/company>. The main modern slavery risks indicated in this section are discussed on pages 32 to 42 of the Duty of Care Plan.

These risks will be discussed in detail below.

a. Health and safety risks

Michelin recognizes that in many of the countries in which it operates, its 132,000 employees worldwide can, in the course of their work, be exposed to specific risks that could impact their health and well-being.

These main health and safety risks relate to occupational accidents, exposure to chemicals, ergonomics, psychological issues at work and the COVID-19 epidemic.

With the Group's adherence to its fundamental value of respect for people, Michelin actively deploys comprehensive policies on health, safety and the quality of work life. These policies and commitments are based on recommendations issued by key international organizations such as the UN, the ILO and the OECD, and prevailing standards and legislations. Further, these policies are being implemented through Michelin's "Environment and Prevention" management system, which is applied at all Group facilities to ensure best practices and maintain continuous progress [Michelin's Duty of Care Plan, page 35]. This management system is auditable and audited.

b. Human rights risks

The Michelin Group has published a Duty of Care Plan every year since 2017 describing (among other things) the main human rights risks incurred by the Group and its suppliers, along with measures in place to prevent them. With its 132,000 workforce, global manufacturing and business operations, the Group's employees, the local communities around its facilities, its suppliers and consumers may be exposed to human rights risks. Examples of the human rights risks identified in the Duty of Care Plan relate to harassment and discrimination, employee health and safety, decent wage-related risks, child labor, and forced labor. These risks are tracked by the Internal Control and Audit departments using self-assessments and audits, whose results are followed up with the implementation of action plans. While some risks (such as child labour and forced labour) are considered low within the Group, these may be present in the supply chain.

c. Risks associated with suppliers' CSR practices

The diversity of the Michelin Group's subcontracting chain and its many suppliers make the question of responsible procurement a major issue for the Group. While the general procedures limit the risks with all subcontractors, Camso prioritizes its actions according to the risks associated with the country of operation and the identified risk sectors. Purchases of raw materials and in particular natural rubber are handled with great vigilance and a particularly thorough, holistic approach.

d. ***Measures taken to remediate any forced labour or child labour***

While we have identified the above risks, we have not identified any instances.

e. ***Measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in activities and supply chains***

N/A

f. ***Training provided to employees on forced labour and child labour***

To ensure a high level of understanding of the CSR risks and ethical risks in Camso supply chains business, Camso provides comprehensive training to its staff. Michelin Group also provides a specific e-learning module for purchasing teams which addresses human rights and modern slavery risks specifically within Michelin's suppliers and Camso is deploying such training.

g. *Process(es) used to assess effectiveness in ensuring that forced labour and child labour are not being used in business and supply chains*

The Group, including Camso, continue to develop and implement means to measure the effectiveness of the actions. To monitor the effectiveness of the actions taken to prevent modern slavery in our business operations or at our suppliers, we assess each year an array of indicators, such as:

- Number of suppliers assessed each year on CSR issues, including human rights;
- Number of suppliers that reach the accepted CSR standards of the Group;
- Number of questionnaires (including questions on forced labor and child labor) filled in by small holders of natural rubber; and
- Number of training of natural rubber farmers to enhance their level of income and working conditions.

The data is available in the Duty of Care Plan.

Numerous KPIs and objectives for 2030 are used to monitor the implementation of this policy with the goal of achieving its human rights ambitions. These specific ambitions can be found on page 43 of the Duty of Care Plan.

New developments are added to the Michelin Group's Duty of Care Plan. Comparing to the previous version, the current Duty of Care Plan contains improvements and developments on a number of subjects relevant to addressing modern slavery risks:

A Group master Policy on Human Rights has been issued and published in 2022;

A "Universal health & welfare cover package has been launched for all Group employees;

The Group has drawn up a process for applying Group CSR reporting indicators to recently- acquired companies; and

The plan provides further details about the methodology used to map CSR risks.

Continuous implementation of the Michelin Purchasing Principles (which sets out the Group's guidelines and commitments in relation to responsible purchasing) governs the Group's supplier relationships. It specifies the rules of professional conduct for the Michelin Group's purchasing teams, the supplier approval process, the Michelin Group's quality standards and the environmental, social and ethical performance expected of the Michelin Group's suppliers, including compliance with local law and international standards with respect to human rights.

Each year, the Michelin Group's key non-financial risks and associated remediation plans are dealt with in the Duty of Care Plan. The risk prevention and mitigation measures relating to the risks highlighted in Section V in this statement will be discussed in detailed below.

In addition, the Group, including Camso, have systems in place to ensure that all key players in its supply chain and its contractors comply with its values and that there exists a vigorous supply chain compliance programme.

Group-wide specific measures include:

Purchasing teams receive training on the Code of Ethics, including human rights risks;

Forced labor guidelines have been drafted for the 2021 edition of the Code of Ethics;

Most purchasing contracts include a copy of the Group's Purchasing Principles that encourage them to uphold the fundamental conventions of the International Labour Organization (ILO);

Services agreement contracts also include specific clauses about forced labor, reinforcing the Michelin Purchasing Principles;

Michelin Conditions of Purchase include the right to audit all suppliers to ensure compliance with the Purchasing Principles. The Michelin Purchasing Principles are located at <https://purchasing.michelin.com/en/purchasing-principles/>;

The Group operates the Group Ethics Line that is accessible to all its employees, and external stakeholders, including all key suppliers who may wish to report breaches of the Code of Ethics, including modern slavery;

Policies are in place to protect whistleblowers;

The Group has engaged a third party, the EcoVadis CSR rating agency, to conduct CSR desktop reviews to measure the performance of Michelin's main suppliers against 21 CSR indicators classified under four themes: Environment & Climate, Labor & Human Rights, Ethics, and Sustainable Procurement. The scope of the desktop reviews is extended each year, focusing on the most at-risk categories identified as having an insufficient level of cover during the mapping phase. In 2022, 87% of respondents, or 973 suppliers, were confirmed to be compliant with Group standards. (see Michelin Duty of Care Plan, page 61). Suppliers who fail to attain the target score must introduce a plan to improve their CSR performance.

A CSR self-assessment questionnaire has been issued to purchasing teams since 2018, who may ask key suppliers to complete it whenever they deem necessary, either during the tender phase or during the duration of the contract. The questionnaire measures the maturity of a supplier's CSR practices and is generally used only for suppliers whose CSR performance is not assessed by desktop reviews.

In 2022, a new Master Policy on Human Rights was implemented Group-wide which sets out the responsibilities and expectations of the Group concerning its duty of care with regards to human rights. This policy forms part of a set of a human rights action plans identified from a 2021 internal audit. Scheduled actions arising from the audit also include implementing programs to address any possible shortfalls in the areas of discrimination and forced labor and strengthening the human rights clauses in acquisition contracts.

The Group Purchasing Department also reviews Camso's suppliers and spending to identify whether an EcoVadis desktop review is required. In addition, Camso employees who engage with suppliers are required to undertake that they have reviewed the Michelin Purchasing Principles and the Code of Ethics and agree to comply with the terms. Furthermore, the Michelin Purchasing Department conduct annual checks to ensure continued compliance of the policies.

To address human rights risks in the natural rubber supply chain including the risk of child labour, the Group has deployed a specific policy on sustainable natural rubber and a mobile application called "Rubberway" aimed to identify CSR risks among the upstream supply chain and farmers. Since the application's deployment in 2017, RubberWay® has gathered information from 136,778 village smallholders on such topics as income, working hours, working conditions and child labor and a number of projects to improve farmers' living and working conditions have been launched since 2020. By the end of 2022, 84 natural rubber processing plants had replied to the questionnaires and a total of 143,766 RubberWay® questionnaires had been completed. This represents 80% of the volume purchased by Michelin8.

The application is currently deployed in the following countries: Indonesia, Thailand, Côte d'Ivoire, Ghana, Nigeria, Liberia, Brazil and Sri Lanka.

The progress made on rolling out RubberWay® and the results on risks are transparently reported on by Michelin.

Further, the Group has formalized its public commitments in a Sustainable Natural Rubber Policy published in 2016, and recently updated in 2021.¹⁰ This policy was drafted with input from stakeholders, particularly environmental and human rights NGOs, and is now a contractual reference document for the Group's suppliers.

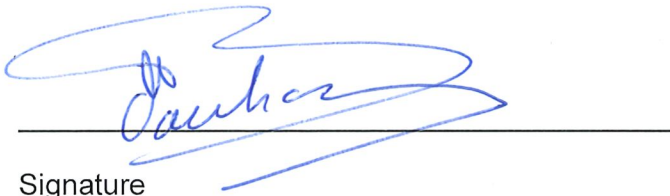
Further details of all these measures can be found in the Duty of Care Plan.

Camso is fully integrating Michelin process, policies and contractual frameworks. Through the integration, procurement and supply chain synergies have been identified and aligned. In addition, Camso has also added additional external assessment verification for those suppliers specific to its supply chain.

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.

Nour Bouhassoun
President, Camso Inc.

May 14, 2024

A handwritten signature in blue ink, appearing to read "Nour Bouhassoun", is written over a solid horizontal line. The signature is stylized and includes a large, sweeping flourish that extends to the right and then loops back under the line.

Signature

I have the authority to bind Camso Inc. and Camso Distribution Canada Inc.