

Modern Slavery Statement 2023

Hexion Pty Ltd

This modern slavery statement under the *Modern Slavery Act 2018* (Cth) covers the activities of Hexion Pty Ltd (ACN 004 271 827) (**Hexion AU**) and its owned and controlled entities during the reporting period ended 31 December 2023.

About us

Hexion is committed to global compliance and ethics in all operations, as set forth in its Code of Conduct, Supplier Code of Conduct, Global Environmental Health, and Safety Policy, Antitrust and Global Competition Policy and several other policies focused on high ethical standards and global compliance. Hexion values its reputation for integrity and complies with all applicable laws and regulations. The company's Supplier Code of Conduct requires its suppliers to do the same. Hexion continues to implement processes to ensure that both Hexion and its raw materials suppliers and third party vendors manage their products responsibly.

Our structure

Hexion AU is a company incorporated in Australia and our registered office is located at Caroline Springs, Victoria.

Hexion AU is a subsidiary of Hexion Performance Materials Netherlands B.V. a company organised in the Netherlands, which is a subsidiary of the ultimate parent company Hexion Inc., a corporation organised in New Jersey, U.S.A. Hexion Inc. and its subsidiaries (collectively, **Hexion**) conduct a range of business activities in the specialised chemicals manufacturing industry across global commercial, financial and procurement teams, with local leads in each country.

Hexion AU has one fully owned subsidiary, Hexion (N.Z.) Limited (**Hexion NZ**), which is organised and operates in New Zealand.

Our operations

Hexion is a manufacturer and distributor of a broad portfolio of specialty chemicals and materials for the industrial and consumer markets. Hexion products are used in everything from cars and trucks to wind turbines, electronics, aircraft and buildings.

Hexion AU's manufacturing facilities are located in Brisbane, Queensland and Brimbank, Victoria. Hexion AU's main office is in Caroline Springs, Victoria. We directly engage 85 full-time employees and approximately 20 contractors across our national locations in various roles within our commercial, financial and procurement teams, as well as for the operation and maintenance of our facilities.

Hexion NZ's manufacturing facilities are located in Christchurch and Tauranga which are operated by local employees and contractors. Hexion NZ directly engages 44 full-time employees and approximately 15 contractors across its NZ locations in various roles within its commercial, financial and procurement teams, as well as for the operation and maintenance of its facilities.

Hexion AU also leases four liquid bulk storage facilities in Melbourne, Brisbane, Christchurch and Tauranga and utilises four third-party warehouses in Australia and two third-party warehouses in New Zealand for the storage and distribution of packaged products.

Hexion AU conducts research and development activities primarily at the Tauranga and Brimbank sites. This R&D is carried out by Hexion AU in relation to the specialty products that Hexion AU supplies.

Hexion AU holds a 50% interest in an incorporated joint venture with Laminex Pty Ltd, Hexion Australia Pty Ltd (ACN 009 111 264) (**Hexion JV**). Hexion JV's manufacturing facility is located in Bunbury, Western Australia, and is operated by 24 local employees. Hexion AU provides support for Hexion JV's

supply chain and procurement activities, including procurement of raw materials such as Methanol and Melamine.

Our supply chain

Hexion's supply chain includes procurement of the raw materials for our products (which accounts for the vast majority of our supply chain) and procurement for our broader business operations.

Raw materials

Hexion AU's primary supply chain is the raw materials acquisition for our products, directly from manufacturers and through distributors, accounting for approximately 70% of our total procurement spend for 2023. We classify our raw materials and products as tier 1, being the primary materials methanol, urea, melamine and phenol which account for 90% of the raw material spend, and tier 2, being the other materials we procure which account for the remaining 10%.

Our tier 1 raw material suppliers are typically engaged on a combination of contracts (one to three years) and we generally work with our suppliers on a long-term basis. These established supplier relationships allow us to have direct oversight over the goods procured. For materials procured through a distributor, Hexion AU will approve the product from the manufacturer prior to procurement.

Our tier 2 raw material suppliers are predominately also suppliers with whom we have long term, established supplier relationships. In some cases, suppliers are engaged on the basis of approval from the global Hexion team.

Hexion AU works with approximately 40 suppliers from a number of countries including Australia, New Zealand, China, Japan, Qatar, USA, UK, Germany, Saudi Arabia, Japan, Singapore, Indonesia and South Korea. In the 2023 reporting period, Hexion began procuring mining materials from Western Europe, including Germany, and Australia.

The tier 1 raw materials that we procure for our manufacturing of products, the supplier level and the geographic source of those goods are set out in the table below:

Product	Suppliers	Sources
Methanol	Direct (contract)	New Zealand
Urea	Distributor (contract)	Qatar, Saudi Arabia, Malaysia
Melamine	Direct/Distributor (spot pricing)	China
Phenol	Direct/Distributor (contract/spot pricing)	Japan, Singapore and South Korea

Business operations

The main types of goods and services that Hexion AU procures for our broader business operations (ie for the day to day operation of our offices and facilities) are:

- **Manufacturing equipment:** The equipment used in our facilities for the manufacturing of our products, including resin reactors, storage tanks and silos, process support compressors, pumps, boilers, heaters, plant control systems, forklifts and pipe and fittings.
- **Safety and other attire:** This includes personal protective equipment, including safety glasses, gloves, work boots, hard hats, and high-visibility vests, used by our facilities operators.
- **Corporate/building services:** The services that we use to maintain our offices and facilities, including office maintenance services, cleaning and security.
- **Information and communications technology:** This includes computer hardware and software, printers, audio/visual equipment, data room services, desk phones and mobile phones used by our employees.
- **Professional services:** The professional services we procure externally include financial services, taxation, external legal counsel, insurance, consulting and professional and personal development.
- **Site and office consumables:** The site/facility and office consumables for employees, including stationery, amenities and kitchen consumables.

Hexion AU procures the majority of these goods and services directly from local contractors, suppliers and service providers within Australia and New Zealand respectively. The procurement of these goods

and services is site based for each facility and our head office procurement is coordinated through the Brimbank facility.

We procure certain services through the global Hexion group, including:

- financial, information technology and administrative services, which is an outsourced service through a global initiative employing labour in India to provide accounts payable, processing, master data, SAP processing, information technology support and customer support services;
- Human Resources services and Environment; and
- Health & Safety related services.

The spend on procurement for operations during 2023 accounts for approximately 30% of our total procurement spend.

Modern slavery risks

We are cognisant of the potential for modern slavery to impact Hexion AU's business activities.

Risk assessment methodology

Our risk assessment methodology considers a number of indicators of modern slavery risks including sector and industry, the type of products and services, geographical location and specific entity risk based on the risk indicators in the Commonwealth Guidance for reporting entities and information published by the Walk Free Foundation (Global Slavery Index 2023) and the International Labour Organization (Global Estimates of Modern Slavery: Forced Labour and Forced Marriage 2017).

Our risk assessment for 2023 indicated that Hexion AU and Hexion NZ's operations and supply chain may continue to have a medium potential for modern slavery risks. This is because it remains that some of the raw materials we procure are from countries considered high or medium risk geographies for modern slavery risks, namely Saudi Arabia, Qatar, China, Indonesia and Malaysia. However, we consider that the overall risk of Hexion AU causing, contributing to or being directly linked to modern slavery is low-medium on the basis that:

- our industry is a low risk industry because it is a specialist, high tech industry and requires highly technically skilled labour; and
- many of our products and services are primarily sourced from Australia, New Zealand, Japan, South Korea, Western Europe (including Germany) and Singapore which are not high-risk geographies for modern slavery risks.

Our 2023 risk profile is summarised in the table below.

Risk profile

Risk	Description of risk
Sector / Industry	<p>Manufacturing is generally considered a high-risk sector because of the geographic locations of manufacturers and the type of low skilled workers that may be employed in the sector. However, chemical manufacturing is considered a low-risk sector for modern slavery practices as the sector is high tech and requires a skilled labour force.</p> <p>In terms of our manufacturing facilities located in Australia and New Zealand, this continues to present a low potential for modern slavery risks.</p> <p>In terms of the manufacturing facilities of our suppliers, these are located in China, Malaysia and the Middle East, which may have a medium to high potential for modern slavery risks, and in Japan, Singapore, South Korea and countries in Europe, which may have a low to medium potential for modern slavery risks.</p>
Product / Service	<p><i>Products</i></p> <p>Some of the raw materials and manufactured materials we procure to make our products may present a high to medium potential for modern slavery risks due to the countries from which they are sourced, for example China, Saudi Arabia and Qatar. However, our procurement selection process allows us to have more</p>

	<p>visibility over our tier 1 materials suppliers and the large proportion of the other goods and services we procure are procured in Australia, New Zealand, Japan, South Korea, Western Europe (including Germany) and Singapore which presents a low potential for modern slavery risks. The products we procure from our tier 2 materials suppliers presents a medium potential for modern slavery risks as we have less control and oversight over the indirect supply chain, although there is a process for approval as outlined above.</p> <p>With respect to procuring raw materials used to make our mining products for the 2023 period, which support the extraction of lithium and rare earth materials, we consider this may present a medium potential for modern slavery risks due to the countries from which they are sourced, for example China. These raw materials were also sourced from the USA, Western Europe and Australia during the 2023 reporting period. These lithium and rare earth materials make up less than 5% of our total procurement spend.</p> <p>We have also identified that other indirect suppliers, including suppliers of the raw materials included in the manufacturing equipment and technology products we procure, may be considered medium risk, particularly as we do not have direct oversight over these suppliers.</p> <p>Services</p> <p>Our financial services are outsourced through labour in India and we have identified that this presents a medium potential for modern slavery risks due to the outsourcing of this labour. However, this is a global initiative run through the global Hexion group, to which the groups' global processes and policies for procurement apply and we are confident with those processes.</p>
Geographic	<p>We have identified that the countries from which we procure some of our materials (China, Saudi Arabia, Qatar, Indonesia and Malaysia) and services (India) may present a high potential for modern slavery risks as the Asia-Pacific and Middle East regions are considered to be high-risk geographies due to a higher prevalence of modern slavery due to factors such as weak governance, compromised rule of law, conflict, state-imposed forced labour, high migration and poverty. We consider that the level of oversight that Hexion AU and the global Hexion group has over the procurement of these materials and services from direct suppliers mitigates some of this risk.</p> <p>A large proportion of our products and services continue to be procured locally in Australia and New Zealand which presents a low potential for modern slavery risks.</p>

Actions to assess and address risk

Hexion AU's existing governance framework includes a number of policies and procedures to ensure we have strong frameworks to assist us to assess and address modern slavery risks, including our Supplier Code of Conduct, which is implemented across the global Hexion group.

Hexion's Supplier Code of Conduct expressly requires all suppliers and other third parties to:

- not engage in forced, bonded, compulsory, or child labour;
- not allow inhumane treatment, discrimination or harassment, including any sexual harassment, mental or physical coercion or verbal abuse of workers;
- ensure persons performing work meet minimum age limits established by applicable laws and regulations;
- ensure that work times do not exceed the maximum set by applicable laws and regulations; and
- comply with applicable conflict minerals and ensure their activities and the activities of their suppliers do not benefit perpetrators of human rights abuses in the Democratic Republic of Congo or in adjoining countries.

In order to ensure Hexion's own facilities meet such requirements, Hexion implements internal reporting and accountability standards and procedures. Hexion's conditions of contract generally require that all

direct suppliers of services and materials must comply with applicable laws and regulations, which includes labour laws.

Hexion's Terms and Conditions of Purchase with suppliers contains provisions relating to modern slavery. As part of this agreement, suppliers warrant that they and their related bodies have not been investigated for or convicted of any modern slavery offence, do not engage in any conduct or omission which would constitute a modern slavery offence and will continue to take reasonable steps to identify the risk of, and reduce or prevent the occurrence of, modern slavery.

Hexion AU procures the majority of our goods and services from established suppliers with whom we have long term relationships and we deal with these suppliers on a regular basis. We obtain from many of these suppliers information about their supply chain quality procedures and other procurement policies our supplier engagement procedures.

In 2023, Hexion AU implemented its Supplier Questionnaire to improve our engagement with suppliers and allow us to understand and assess our suppliers' policies and labour practices. Hexion AU sent out 27 questionnaires, receiving 12 responses, 27% of those being from high risk suppliers. In response to Hexion's request for Suppliers to complete the Supplier Questionnaire, some Suppliers opted to provide Hexion with copies of modern slavery policies and/or self-disclosure reports. Hexion undertook a desktop analysis of each response to the Supplier Questionnaire and the supplied modern slavery policies and reports to identify the risks associated with its suppliers. This analysis has allowed Hexion AU to better understand the risks throughout its supply chain. In 2024, Hexion intends to use the information gained from its Supplier Questionnaires to undertake an in depth review of its suppliers and the risks.

During December 2023, Hexion AU's procurement, compliance, legal and teams as well as senior management received training on modern slavery. The training covered general modern slavery obligations and risks, as well as Hexion's specific risks and its policies and procedures to address them.

Assessing our effectiveness

Hexion AU's 2023 reporting period continued to focus on developing our understanding of modern slavery risks and implementing actions to address identified risks.

In order to assess the effectiveness of these actions, we have tracked our actions and outcomes including:

- monitoring the number of our suppliers who have completed our Supplier Questionnaire. In the 2023 period, we sent 27 Supplier Questionnaires and received 12 responses, as detailed above;
- monitoring the number of our suppliers who have committed to our Supplier Code of Conduct. In 2023, 12 suppliers reaffirmed their commitment and 3 new suppliers confirmed their commitment; and
- monitoring the number of employees who have completed training on modern slavery. In December 2023, 28 employees attended modern slavery training, as detailed above.

Based on this, we have been able to continue to develop our understanding of modern slavery and particular risks in our supply chain and consider how we can improve our response to modern slavery.

Consultation

This statement was prepared in consultation with Hexion AU and Hexion NZ senior management and procurement team members and involved collaborating on the process to understand the modern slavery risks to the business and prepare the statement. This consultation included joint managers for the Hexion AU and Hexion NZ entities including the Manufacturing Director ANZ, Commercial Director ANZ, Finance Director ANZ, Regional EHS Manager ANZ, Supply Chain Services Leader ANZ, Head of HR ANZ and Technology Manager ANZ. This statement was reviewed by these senior management and procurement team members.

The Board of Hexion AU and the Board of Hexion NZ were provided a copy of this statement for review and offered the opportunity to comment on the statement prior to approval of the statement by the Board of Hexion AU.

Future focus

In our future reporting periods we will continue to progress with and focus on the following actions:

- developing the capability of people within Hexion AU who will be responsible for modern slavery compliance, and developing an action plan to focus and prioritise our actions in each reporting period;
- undertaking more detailed supply chain mapping utilising the results of our Supplier Questionnaires and the policies and reports provided by Suppliers to better understand our tier 1 and tier 2 supply chains and operations; and
- further developing a risk assessment methodology to identify modern slavery risks that exist within our operations and supply chains, focusing on suppliers that we have identified as high or medium risk.

In order to assess the effectiveness of these actions we will progress in future reporting periods, we plan to take the following actions:

- review our modern slavery risk assessment methodology to consider whether we are appropriately identifying and evaluating our modern slavery risks;
- continue to monitor the number of our suppliers who have completed our Supplier Questionnaire; and
- continue to monitor the number of our suppliers who have committed to our Supplier Code of Conduct.

Approval of statement

This statement was approved by the Board of Hexion Pty Ltd on 26th June 2024 in their capacity as the principal governing body of Hexion Pty Ltd.

This statement was approved by the Board of Hexion Pty Ltd on 26th June 2024 and is signed by responsible member Angus Kay.



Angus Kay, Member of the Board of Hexion Pty Ltd

Date: 26/06/2024

Mandatory Criteria

This Statement addresses the mandatory criteria for a modern slavery statement outlined in section 16 of the *Modern Slavery Act 2018* (Cth). The below table indicates where each requirement is addressed in this Statement.

Criteria	Page number
(a) Identify the reporting entity.	1
(b) Describe the structure, operations and supply chains of the reporting entity.	1 – 3
(c) Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls.	3 – 4
(d) Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes.	4 – 5
(e) Describe how the reporting entity assesses the effectiveness of such actions.	5
(f) Describe the process of consultation on the development of the statement with any entities that the reporting entity owns or controls (if a joint statement has been made under section 14, also describe the process of consultation with the entity giving the statement).	5
(g) Include any other information that the reporting entity, or the entity giving the statement, considers relevant.	6