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## ANNUAL REPORT PURSUANT TO CANADA'S FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS ACT (THE "ACT")

### Identifying Information

This annual report (this "**Report**") is being provided on behalf of Columbus Stainless (Pty) Ltd (hereinafter referred to as "**Columbus**"), a private company incorporated in terms of the laws of the Republic of South Africa, with registration number 1999/002477/07. This Report sets out the risk or use of any forced labour or child labour in the businesses of Columbus, as well as any actions taken by Columbus to monitor, assess, mitigate, and remediate the same, as appropriate, during the reporting year ended December 31, 2023 (the "**Reporting Year**").

Columbus operates a fully integrated and single site stainless steel mill in Mpumalanga, South Africa.

Columbus is 24% owned by Industrial Development Corporation (Pty) Ltd (IDC)<sup>1</sup> and 76% owned by Acerinox S.A (Acerinox). Acerinox is a Spanish corporate entity listed on the Madrid Stock Exchange. The Acerinox group of companies mainly consists of Bahru Stainless in Malaysia; North American Stainless in Kentucky, United States of America; VDM Metals GmbH in Werdohl, Germany; Acerinox Europa in Algeciras, Spain; Roldan, S.A. of Ponferrada, Spain and Inoxfil in Igualada, Spain.

For its operations Columbus owns operating, manufacturing and real property assets in South Africa. It employs about 1300 (One Thousand Three Hundred) employees at its vertically integrated stainless steel manufacturing facility in Middelburg, its warehouses and sales offices in Durban, Cape Town and Port Elizabeth.

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<sup>1</sup> IDC is a company owned by the government of the Republic of South Africa.

Columbus manufactures stainless steel by melting scrap stainless steel together with alloys, ores and other processing materials in electric arc furnaces which are then purified in an argon-oxygen decarburization unit and cast into slabs. Slabs are processed through hot rolling mill and cold mill annealing, pickling and rolling processes. Final cut to length, slitting and other customizing of products for customers is accomplished. Columbus' upstream supply chain includes raw materials procurement as well as equipment components, supplies and replacement parts procured world-wide. 86% of all Columbus supplies are procured locally and there is long standing culture and regulations against child labour and forced labour in the country.

### **Actions to Mitigate Child Labour and Forced Labour**

Columbus has taken the following steps to prevent and reduce the risk that forced labour or child labour is used at any step of the production of steel:

- Employees
  - Columbus management closely monitors government regulations and maintains full compliance with all labour laws within the areas where Columbus operates.
  - Columbus does not hire any employee under the age of 18.
  - As part of its recruitment process, Columbus goes through an extensive background check to verify, amongst others age of the job applicants.
  - Columbus has policies to limit the amount of overtime (as defined by local law) that can legally be worked.
  
- On-Site Contractors
  - During a supplier on boarding process, an extensive questionnaire must be completed that includes the goods and/or service provider acknowledging that they are compliant with all government regulations and requirements.
  - Contractors working at Columbus site can only access the Columbus site with a Columbus issued access card. The access card can only be issued by Columbus Security on completion of the Safety Training & provided proof of name and age. All individuals must be at least 18 years old to receive an access card.

- Domestic & International Suppliers
  - All new suppliers must complete an extensive vendor application that includes specifications that they are in compliance with all governmental laws and regulations including those related to labour.
- All new suppliers are given Suppliers Code of Conduct (the “**Code**”). The Code sets out the basic requirements (in addition to the contractual agreements in place) that all suppliers must meet in order to do business with Columbus. The Code states that as a condition of doing business with Columbus, suppliers must comply with the Code and, upon request, provide proof of such compliance. If Columbus determines that any supplier has violated this Code, then it may either terminate, or call for the termination of the business relationship, or require the supplier to implement a corrective action plan. If corrective action is advised but not taken, Columbus may suspend placement of future orders and terminate the relationship. The following issues are addressed in the Code:
  - Child labour
  - Forced labour
  - Wages and working hours
  - Discrimination
  - Care for the environment
  - Working environment / health and safety
  - Freedom of association
  - No harsh or inhumane treatment
  - Bribes
  - Competition / anti-trust
  - Broad Based Black Economic Empowerment<sup>2</sup> (only applicable to local suppliers)
  - Control of supply chain

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<sup>2</sup> Broad Based Black Economic Empowerment is a policy by South African government aimed at advancing economic transformation and enhancing the economic participation of black people in the South African economy.

- Whistleblowing channel

As a member of the Acerinox Group of companies, Columbus contributes, and relies in part on the Acerinox Group Compliance Department; specifically:

- The Acerinox Group Compliance Department has entered all active Columbus suppliers in an internationally recognized compliance monitoring system and product of Thompson Reuters, known as a Denied Party Screening tool (“**DPS**”) to verify that Columbus suppliers are compliant with internationally approved requirements, including labour regulations. All new suppliers are also vetted in this system and rejected if they are not approved in the DPS system.
- Acerinox utilizes a sustainability screening system provided by a company named “Ecovadis”. It’s screening product provides assurance of due diligence and compliance with the shared sustainability goals of the Ecovadis community, including forbidding the use of forced labour and child labour. See the website: [www.ecovadis.com](http://www.ecovadis.com).
- Acerinox has received the Ecovadis Platinum award in 2022 & 2023 due to the group’s firm commitment to “Sustainability,” which includes extensive testing for compliance with labour regulations. See the website: <https://resources.ecovadis.com/blog/ecovadis-medals-and-badges>
- Columbus’ most critical suppliers are enrolled in Ecovadis.
- Columbus does not do business with any supplier that sources its materials from countries internationally recognized as high-risk for conflict minerals viz Angola, Burundi, Central African Republic, Congo Republic, The Democratic Republic of the Congo, Rwanda, South Sudan, Uganda, Zambia, and Zimbabwe. Columbus does not do business with any supplier that sources its materials from the Xinjiang Uyghur Autonomous Region of China. No other risks for forced labour or child labour have been identified in mining suppliers after due diligence and reasonable inquiry.

During the Reporting Year, Columbus has not identified any part of its activities or supply chain that carry a risk of forced labour or child labour being used, and accordingly, did not take any measures to remediate any forced or child labour, or remediate the loss of income to the most vulnerable families that would have resulted from any such measures.

There is “Ethics at Columbus” training that is provided from non executive directors and to all employee levels. This is a compulsory training for all the relevant stakeholders. The training material covers child labour and forced labour.

Columbus did not implement any measures to assess its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains.

### **Attestation**

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 Columbus Stainless (Pty) Ltd. 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.

*“JL Strydom”*

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JL Strydom

CEO and Executive Director

**Approved by the Board of Directors of Columbus Stainless (Pty) Ltd. this 31 day of May, 2024.**