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## REPORT ON FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS

FISCAL YEAR ENDED JANUARY 31, 2024

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### 1. INTRODUCTION

This report is produced by ADF Group Inc. (" **ADF** ", " **ADF Group** ", the " **Corporation** ", " **our** " or " **we** ") for the fiscal year ended January 31, 2024 (the " **Reference Period** "). It outlines the measures taken to prevent and reduce the risk of forced or child labour at all stages of the Corporation's production of goods in Canada and in the United States, or the import of goods into Canada by the Corporation. This report covers not only the parent company (ADF Group Inc.) but also its wholly owned subsidiaries located in the United States: ADF International Inc. (Florida), ADF Industrial Coating Inc. (Montana) and ADF Structural Steel Inc. (California). All measures mentioned in this Report apply to each of these entities.

This Report is prepared by the Corporation in accordance with *Canada's Fighting Forced and Child Labour in Supply Chains Act* (the "**Act**"). ADF is not subject to similar legislation elsewhere.

### 2. MEASURES TAKEN TO PREVENT AND REDUCE THE RISKS OF FORCED LABOUR AND CHILD LABOUR

We place the utmost importance on respecting human rights wherever we operate, and we request the same from our business partners. This is a core corporate responsibility for us that We strive to integrate into our growth strategy, along with all of our other environmental, social and governance ("**ESG**") commitments.

In general, we have taken the following actions during the Reporting Period to prevent and reduce the risk of forced or child labour in Our business and supply chains:

- We have set up a Sustainability Committee that is responsible for establishing our ESG measures, including governance for the ethical management of our supply chains.
- We began preparing a Supplier Code of Conduct that will be introduced in our fiscal year 2025 (fiscal year ending January 31, 2025).
- We started the analysis of our direct and indirect suppliers to identify the main risks, on a preliminary basis.

Actions taken are detailed in this Report.

### 3. STRUCTURE AND ACTIVITIES

ADF is incorporated under the *Canada Business Corporations Act*. Our shares are listed on the Toronto Stock Exchange (TSX: DRX). Headquartered in Terrebonne, Quebec, Canada, ADF has become a North American leader in design and engineering of connections, fabrication including coating, and the installation of complex steel structures, heavy steel built-ups, as well as miscellaneous and architectural metalwork. The Corporation's products and services are intended for the following five principal segments of the non-residential construction industry: office towers and high-rises, commercial and recreational buildings, airport facilities, industrial complexes, and transport infrastructure.

The Corporation employs a total of 550 people across its head office, fabrication complex and paint shop in Terrebonne, Quebec, Canada, and its office, fabrication plant and paint shop in Great Falls, Montana, U.S.A., and as well as the sales office and various construction sites in the United States.

A pioneer in the development and implementation of innovative solutions, the Corporation is recognized for its engineering expertise, its project management, its important fabrication capacity and its skills in two specialized market niches: the fabrication of steel superstructures with a high level of architectural and geometric complexity, and projects subject to fast-track schedules. ADF Group's commitment to deliver every project in accordance with the industry's highest quality standards constitutes a core aspect of the Corporation's mission.

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ADF Group serves a diversified client base in the non-residential construction market in Canada and the United States, including general contractors, project owners, engineering firms and project architects, structural steel erectors, and other steel structure fabricators.

#### **4. SUPPLY CHAINS**

Procurement plays an important role for the Corporation as our business is largely dependent on our steel purchases. This procurement is carried out in a specific way according to each project. While most of the Corporation's steel supply comes from steel mills, we sometimes source from local steel distributors to meet our ad hoc needs.

We have a significant number of American, Canadian and European steel mills among our suppliers, and this diversity of suppliers gives us great flexibility in the choice of our suppliers, particularly according to our values and priorities. Our largest steel suppliers are international companies that are generally governed by stringent laws and standards in their respective jurisdictions.

The Corporation also sources complementary products and services such as industrial gases, welding equipment, safety equipment, industrial and construction tools, bolts, metal fasteners, as well as metal surface treatment and heavy construction equipment rental services. A significant portion of these purchases are made in Canada and the United States from reputable suppliers with whom we have long-standing relationships. However, some of our suppliers are occasionally located in other countries, including England and Mexico.

#### **5. POLICIES, GOVERNANCE AND DUE DILIGENCE PROCESSES**

Business ethics are an intrinsic part of ADF's success as a company and we encourage the respect for human rights in all aspects of our business operations and activities.

As part of our ongoing improvement of our practices, we are currently working to integrate "ESG" principles into our policies, processes and governance, including human rights considerations. In particular, our Audit Committee and Compensation, Nominating and Corporate Governance (CNG) Committee of the Board of Directors will be called upon to play a greater role in surveilling and monitoring sustainability issues, including the implementation of measures and results achieved. In addition, as part of the implementation of our due diligence process, members of our senior management and of our Board of Directors held discussions on the operational and financial impacts that ADF could suffer should a situation of forced labor or child labor was identified in our supply chains.

Moreover, ADF publishes its first Sustainability Report with its public disclosure documents for the fiscal year ended January 31, 2024.

##### **5.1. Code of Ethics (the "Code of Ethics")**

Our Code of Ethics applies to all ADF's members, including members of the Board of Directors, management and employees at all levels, in all countries and in all legal entities of our Corporation. All of our officers, administrative employees and directors are required to sign our "Code of Ethics" when they take office, to confirm that they adhere to its principles.

It addresses ethical conduct in our workplace, our business practices, and our relationships with external stakeholders. The principles outlined in the Code of Ethics reflect ADF's belief that honesty and integrity foster a positive work environment that builds trust with all stakeholders. The Code of Ethics sets out the standards of behavior expected of all persons to whom it applies in their daily activities and their relations with others. It also sets out the key responsibilities of ADF's executives, who must set an example of high ethical conduct and create a work environment that reflects both the letter and the spirit of the Code of Ethics.

The Code of Ethics will also include our Reporting and Protection Against Retaliation Policy, which will state that any employee or supplier with concerns about forced or child labour has a responsibility to report their suspicions. To this end, ADF provides them with several channels to report potential violations, on a confidential or non-confidential basis, as detailed in the Code of Ethics.

The Code of Ethics will soon be made available on our website ([www.adfgroup.com](http://www.adfgroup.com)).

## **5.2. Supplier Code of Conduct (the "Supplier Code")**

As mentioned herein, ADF has begun drafting a Supplier Code. Once the guidelines outlined, we will communicate with our suppliers to share our vision for ethical procurement management. Further details can be provided when we publish our next Report on Forced Labour and Child Labour in Supply Chains in April 2025.

## **6. ASSESS AND MANAGE OUR RISKS**

We undertook a preliminary review of our suppliers, during the Reporting Period, to identify potential risks related to forced and child labour. While, at the time of writing, our assessments still presents shortcomings, we have been able to identify some areas of risk in our supply chain.

Risks are primarily related to the extraction and transportation of raw materials or commodities used by our direct or indirect suppliers (Tier 1 and Tier 2) for the production of steel, including iron ore, coal and coke. Because these suppliers have their own supply chains, we do not have complete visibility. We are aware, however, that the minerals used for steel production and the means used to transport products from overseas could pose an increased risk, due to the countries involved and the low-skilled and/or vulnerable labour that can work in these sectors.

The fact that most of our procurement is made in Canada and in the United States from reputable suppliers allows us to minimize the risk of forced and child labor in our supply chains. However, the likelihood of forced or child labour in relation to our supply chain increases in the case of indirect suppliers, hence the need for increased vigilance and proactive measures to avoid such circumstances.

The in-house assessment we have started to identify the risks of forced labour or child labour in our operations and supply chains will allow us to improve our due diligence process with respect to our suppliers.

Also, with the likely contribution of the Supplier Code, we will be able to increase our due diligence level and thus better manage potential abuses and make the necessary corrections, if necessary.

## **7. CORRECTIVE MEASURES**

Our Code of Ethics, including our Policy on Reporting and Protection Against Retaliation, as well as our upcoming Supplier Code, will help us remain vigilant and take measures in the event of ethical or legal breach reporting, among other concerns. In the event of a non-compliance situation, ADF is committed to developing and implementing a corrective plan to improve and correct the situation. We are committed to honoring our commitments and addressing these issues, and we will actively work to mitigate any adverse impact on the Corporation and its operations.

To date, we have not taken any remedial measures to address the use of forced and child labour or the loss of income of vulnerable families, as no specific cases of such abuse have been brought to our attention.

## **8. TRAINING**

While ADF does not currently provide specific training on forced labor or child labor to its employees, they do receive regular training on related topics including, but not limited to, ethics and corporate policies, including our Code of Ethics.

In the fiscal year 2025, ADF intends to provide certain groups of employees with training that will include child labour and forced labour.

## **9. EFFECTIVEMENT EVALUATION**

ADF regularly reviews and audits its policies and procedures relating to forced and child labour. However, we have not yet adopted specific measures to assess the effectiveness of all our actions to prevent and reduce the risk of forced labour or child labour in our operations and supply chains. ADF intends to evaluate its effectiveness in preventing and reducing these risks at a later stage.

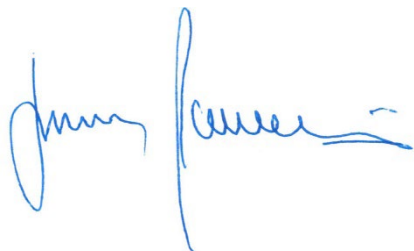
## 10. APPROVAL AND CERTIFICATION

This report has been approved by ADF Group's Board of Directors, pursuant to subparagraph 11(4)(b)(ii) of the Act.

In accordance with the Act's requirements, and in particular Section 11 thereof, I, the undersigned, certify that I have reviewed the information contained in this Report for the entities listed above. To the best of my knowledge, and after exercising due diligence, I confirm that the information contained in this Report is true, accurate and complete in all respects material for the purposes of the application of the Act, for the above-mentioned reporting year.

I have the authority to bind ADF Group Inc.

**Chairman of the Board and Chief Executive Officer**

A handwritten signature in blue ink, appearing to read 'Jean Paschini', with a stylized flourish at the end.

Jean Paschini

Terrebonne, Quebec, Canada, April 10, 2024