



JFE Shoji Power Canada Inc.

845 Laurentian Drive, Burlington, Ontario, Canada L7N 3W7
TEL 905-637-3033 FAX 905-637-7968

Bill S-211- *Fighting Against Forced Labour and Child Labour in Supply Chains Act* Report- Financial Year 2023

1. Introduction

JFE Shoji Power Canada Inc (“JSC” or “our” or “we”) has produced this report for the financial year ending March 31, 2024 (FY 2023). In this report we will detail the steps taken to prevent and reduce the risk of forced labour or child labour in any step of the production of goods in Canada or of goods imported into Canada by JFE Shoji Power Canada.

This report is the first report prepared by JSC under the act.

2. Steps to prevent and reduce risks of forced labour and child labour

JFE Group established the JFE Group’s Basic Policy on Human Rights based on the United Nations Guiding Principles on Business and Human Rights in order to promote group-wide effort to respect human rights in FY 2018. Under the policy, we also seek corporation from all stakeholders including our supply chain.

Locally, JSC developed a corporate social responsibility policy in FY 2021 in accordance with the JFE Group’s policy.

During FY 23, the applicable reporting period, JSC took steps to prevent and reduce the risk of forced labour or child labour in our business and supply chains by completing an initial assessment on risks in the supply chain and reintroducing the revised JFE Group Human Rights Basic Policy.

3. Structure, activities and supply chains

JFE Shoji Power Canada Inc is a wholly owned subsidiary of JFE Shoji America Holdings Inc., which is owned by JFE Shoji Corporation (Tokyo), a division of JFE Holdings, Inc (“JFE Group”).

JFE Shoji Power Canada Inc is located in Burlington, Ontario and manufactures electrical steel components for use in primarily transformer application. We provide components for both power and distribution, as well as data centers, medical, aerospace, and many other applications. JFE Shoji Power Canada employs 550 people locally in Burlington, Ontario, Canada. JFE Holdings Inc is a global company which employees over 64,000 people worldwide.

JFE Shoji Power Canada Inc manufactures products in Canada for sale primarily in North America.

Our supply chain is primarily North American, except for our raw materials and some specialized equipment and components. Our largest purchase is our raw materials which is grain oriented electrical steel. Currently there is one North American supplier of this material. We purchase 70,000 MT of electrical steel annually with approximately 25% sourced in North America. All suppliers are vetted, and most are managed with long term relationship and agreements.



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4. Policies, Governance and Due Diligence

JFE Group deployed the Human Rights Basic Policy in FY18. This policy was revised in FY 2023 to further strengthen the JFE Groups efforts to respect human rights. Under the new version of the policy, every operating company inspected and revised its procurement guidelines and related materials, thereby strengthening the Group's efforts throughout the supply chain. The Group has been conducting human rights due diligence since FY- 21 in accordance with the United Nations Guiding Principles on Business and Human Rights. The policies and reports are available on the JFE Holdings, Inc website https://www.jfe-holdings.co.jp/en/sustainability/social/human_rights/

JFE Group has created a poster for each operating facility highlighting the details of the Basic Policy on Human Rights. These posters are displayed in each of our buildings in Burlington Ontario Canada.

JFE Shoji Power Canada's Corporate Social Responsibility Policy is introduced to every new employee as part of the onboarding process. Every JSC employee has read and signed off on the policy.

5. Assessing and managing our risk

JFE Shoji Power Canada has identified two (2) raw material suppliers that are in countries of concern. JFE Shoji Power Canada has engaged on supply chain mapping with these entities to manage risk. Current trade with suppliers identified as higher risk is limited to less than 5% of overall purchases.

JFE Shoji Power Canada works closely with the Canadian and US legal entities to provide feedback and guidance in trade related risks and issues. UFLPA management and strategy with our clients in the US, with the guidance of our US trade lawyers help us have visibility to the ongoing issues and risks related to child and forced labour.

JSC visits and audits suppliers annually.

6. Remediation

JFE Holdings Inc and JFE Shoji Power Canada utilize whistle blower policies and hotlines to ensure reporting mechanisms are available to all employees and visitors in our locations. We have not identified situations requiring remediation.

7. Training

All JSC employees are required to understand the CSR policy at time of employment. JFE Group delegates annual compliance training which covers the Human Rights policy for all employees.

8. Assessing Effectiveness

JFE Group has been conducting human rights due diligence each year since FY-21. The policy has the oversight of The JFE Group Sustainability Council, chaired by the President of JFE Holdings Inc.



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9. 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 the entities 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.

A handwritten signature in black ink, appearing to read 'Ron Harper', written over a faint circular stamp or watermark.

Ron Harper
President & CES JFE Shoji Power Canada
I have the authority to bind JFE Shoji Power Canada Inc.
May 30, 2024