

Master Halco Corporation's **Modern Slavery Act Report for 2023 Financial Year**

ABOUT THIS REPORT

Master Halco Corporation has prepared this report (the "**Report**") pursuant to the requirements of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "**Act**") for the financial year that ended March 31, 2024. All references in this Report to "**MHC**", "**we**", "**us**", or "**our**" refer to Master Halco Corporation unless otherwise indicated. This Report constitutes the first report prepared by Master Halco Corporation, pursuant to the Act. This Report has not been externally assured.

This Report describes the steps taken to enhance transparency in our supply chains by outlining the steps taken during the 2023 financial year to prevent and reduce the risk that forced labour or child labour ("**Modern Slavery**") is used at any step of the production of goods in Canada or elsewhere, or of goods imported into Canada. This has been done in accordance with the mandatory reporting criteria outlined in Sections 11(1) and 11(3) of the Act.

Master Halco Corporation does not report under similar legislation in any other jurisdiction.

INTRODUCTION

As a member of the ITOCHU Group, we are guided by our corporate mission, *Sampo-yoshi* (Japanese for "good for all three sides": good for the seller, good for the buyer, and good for society). In accordance with *Sampo-yoshi*, we are committed to serving all stakeholders – including respecting human rights and adhering to all laws and regulations governing human rights (including prohibitions on the use of Modern Slavery). We support international agreements on human rights, including the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the United Nations Global Compact, which ITOCHU has been a signatory to since 2009.

STRUCTURE, ACTIVITIES AND SUPPLY CHAINS

Company Structure

MHC is a privately held company, with business number 883002925, headquartered in Nova Scotia, with 5 sales branches and 2 manufacturing facilities. MHC is a fencing material manufacturer, distributor, and wholesaler.

MHC is owned by Master Halco, Inc., which is owned by ITOCHU Building Products Holdings Inc., a subsidiary of ITOCHU International Inc., which is wholly owned by ITOCHU Corporation ("**ITOCHU**"). ITOCHU Corporation is a publicly traded company headquartered in Tokyo and Osaka, Japan. ITOCHU is listed on the Tokyo Stock Exchange (Ticker Symbol: TYO 8001) and specializes in trading of various products, including textiles, machinery, chemicals, food, IT, and realty.

MHC employs approximately **80** people.

Activities and Operations

MHC is a Canadian entity of Master Halco, which is a fencing material manufacturer, distributor, and wholesaler in Canada with 5 sales branches and 2 manufacturing facilities, which is wholly owned by Master Halco, Inc. Master Halco, Inc., was established in 1961 and is headquartered in Dallas, Texas. MHC's primary customers are residential and commercial fence contractors who install all types of fences and decking. MHC provides them with fencing materials needed for everything from backyards to schools, airports, power plants and more. MHC's primary products are chain link, wood, ornamental iron, PVC fence systems, and decking materials. Master Halco primarily supports a business-to-business structure but allows and supports business-to-customer business in select locations.

Our Supply Chains

MHC aims to not transact any business with vendors who carry a risk of forced labor or child labor being used. MHC sources material domestically within Canada, and internationally from the USA and China.

POLICIES AND DUE DILIGENCE

It is our goal to provide a positive work environment and a solid economic foundation upon which all employees may build a future. This is solidified in the policies applicable to MHC including our Code of Conduct and Human Rights Policy, set out in further details below.

Code of Conduct

As a member of the ITOCHU Group, we embrace and support the ITOCHU Group's mission and goals, such as embracing a wide range of social responsibilities including legal compliance and implementing corporate ethics through our practices and policies. MHC's Code of Conduct (the "**Code**") solidifies this commitment. We expect all employees, including management, to execute business with a thorough comprehension of our Code and underlying corporate mission. Further, all employees and officers are expected to read, understand and abide by the Code, as well as MHC's other policies and applicable laws and regulations.

Our Code solidifies our commitment to respecting human rights and all laws and regulations governing human rights (including prohibitions on the use of Modern Slavery). We aim to promote full and productive employment, in accordance with the ITOCHU Group's Human Rights Policy, as described in more detail below. Where appropriate, we also ask our business partners to abide by this Policy and cooperate with us to conduct human rights due diligence.

At MHC, safe and respectful workplaces are a priority. As such, we seek to maintain diverse workplaces that are discrimination and harassment-free, and provide a safe working environment that protecting the health and safety of our employees.

ITOCHU Group Human Rights Policy

The ITOCHU Group Human Rights Policy (the "**Human Rights Policy**") is applicable to MHC as it is imposed upon and adopted by ITOCHU's subsidiaries in various regions around the world, including MHC.

Under the Human Rights Policy we support international agreements on human rights, including the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the United Nations Global Compact, which ITOCHU has been a signatory to since 2009. We comply with all laws and regulations of the countries in which we perform our business activities, and if there are any contradictions between internationally recognized human rights and the laws and ordinances of a country or region, we will seek to maximize respect for international human rights principles.

Due Diligence

MHC aims to take every precaution to research and identify issues while vetting potential suppliers or vendors before introducing them into our supply chain. As part of that process, MHC actively and consistently communicates with its vendors and suppliers directly, and performs physical sites visits periodically to see their operations in terms of not only business perspective but also compliance.

Compliance Hotline

Any action that may conflict with our Code or other internal policies will promptly be reported to the Chief Compliance Officer, the Legal & Compliance Division, or other available resources through MHC's Compliance Hotline (the "**Hotline**"). The Hotline can be accessed online or by phone 24 hours a day, seven days a week.

MHC will not engage in or permit retaliation of any kind against any person who seeks legal or ethical advice, reports known or suspected misconduct in good faith or cooperates in an investigation. MHC will investigate all claims of retaliation and take appropriate corrective action.

POTENTIAL RISKS IN OUR OPERATIONS AND SUPPLY CHAINS

MHC's operations and supply chains are predominantly in Canada and the United States, which have strict labour and employment laws. In addition, MHC actively and consistently communicates with its vendors and suppliers directly, and performs physical sites visits periodically to see their operation in terms of not only business perspective but also compliance.

Potential Risks in Our Operations

MHC considers the risk of Modern Slavery occurring within our operations to be low due to internal compliance policies and ITOCHU Group policies, which MHC follows. Not only does our workforce exist only within North America, which the United States and Canada have comprehensive and strict labour, employment, and human rights laws, but also as a member of the ITOCHU Group we have a number of strong policies in place regarding labour standards for our employees.

Potential Risks in Our Supply Chains

We understand that geographic considerations, the nature of some of the raw material and particular industries can carry a higher risk of Modern Slavery. There are also risks linked to certain industries even in countries considered to have lower risks of Modern Slavery. However, to MHC's knowledge, MHC doesn't transact any business with vendors who carry a risk of forced labor or child labor being used. Moreover, MHC actively and consistently communicates with its

vendors and suppliers directly, and performs physical sites visits periodically to ensure and assess compliance.

Under the Human Rights Policy, if any of our business activities induce a negative impact on human rights or if involvement of such becomes clear, we strive to remedy and rectify the situation through appropriate procedures and dialogue. However, through our assessment of our operations and supply chains regarding the risk of Modern Slavery being used, we did not identify any instances of Modern Slavery. Accordingly, no steps were required to remediate Modern Slavery, or the loss of income associated with remediation efforts.

Management and Mitigation of Potential Risks

Our Code of Conduct, Compliance Hotline, periodic site visits, and due diligence measures offer a reporting mechanism for our employees and suppliers to report ethical or legal violations, among other concerns. In accordance with our principles and policies, if a situation of non-compliance is identified, MHC will work to develop and implement a corrective plan to improve and remedy the situation. To date there have been no identified or reported instances of loss of income to vulnerable families that resulted from measures taken to eliminate the use of forced labour or child labour in our activities and supply chains.

TRAINING

MHC employees receive regular training on various ethical topics and internal policies. A benefit to being part of the ITOCHU family, our employees receive training from ITOCHU on the Human Rights Policy in order to raise human rights awareness and incorporate and implement the Human Rights Policy in our business activities. Presidents, directors, and employees are expected to submit written confirmations declaring that they have reviewed and shall “observe laws and internal rules” annually.

ASSESSING EFFECTIVENESS

We intend to continue to reevaluate the need to implement measure to assess the effectiveness of the processes we have in place based on the evaluation of our risks as described in this Report.

APPROVAL & ATTESTATION

This Report was approved pursuant to Section 11(4)(a) by the Board of Directors of MHC on May 24, 2024.

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.



I have the authority to bind Master Halco Corporation
Takashi Hanaki
Master Halco Corporation
May 31, 2024