



Myer Salit Limited

Forced Labour and Child Labour in Supply Chains Company
Assessment

May 2024

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Introduction

This report is filed by Myer Salit Limited and on behalf of its subsidiaries (known collectively as “Salit Steel” or “Salit Group of Companies”) in response to Bill S-211, a Canadian Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff (the Act), sections 11(1) and 11(3). Myer Salit Limited subsidiaries covered in this report, include the following entities:

- Stelcrete Industries Ltd.
- Salit Tube & Steel Inc.
- Salit Western Canada Inc. and its subsidiaries:
 - Ardel Steel Inc.
 - Canbar Steel Fabricators Ltd.
 - Sherwood Steel (2020) Ltd.
 - Salit Steel BC Inc. and its subsidiaries:
 - Heritage Steel Sales Ltd.
 - Midvalley Rebar Ltd.
 - AAA Rebar Inc.

Each of the entities identified satisfies the Act’s meaning of producing or importing goods. Myer Salit Limited also controls other entities omitted from this report since they do not meet the Act’s reporting criteria and do not meet the Act’s meaning of producing or importing goods.

All companies are governed similarly; therefore, the information provided in the report applies to all entities listed. Since Myer Salit Limited has a controlling interest in all the organizations listed, this report will be approved by its director.

Salit Steel is committed to the protection of human rights in all our business practices and operations. This includes the prevention of modern slavery, forced labour and child labour in both our internal business practices and supply chain operations.

Salit Steel satisfies the definition of an Entity within the Act by having a place of business in Canada, doing business in Canada, having assets in Canada, and by meeting the revenue, asset, and employee thresholds.

The financial reporting year of Salit Steel covered by this report is November 01, 2022, to October 31, 2023.

Structure, Activities & Supply Chain

Structure

Salit Steel operates as a private corporation with over 20 locations across Canada and the United States (i.e., New York and Virginia). The company consists of an integrated network of companies that deliver steel solutions in North America. All organizations in the network have similar corporate policies set by our head office, but each subsidiary determines its strategies and operations depending on its market and customer needs. As a result, Salit Steel has a united culture designed to allow business managers to run their businesses with a high degree of autonomy.

Salit Steel was founded in 1905 in Niagara Falls, Ontario and operates in the manufacturing and construction industry. Depending on the geographical location, we are a distributor and fabricator of structural steel, reinforcing steel, tube, and other related products.

Activities

Salit Steel operates steel service centers and provides fabricated rebar and other complimentary products including assembled rebar, stainless steel rebar, and mechanical tubing. The companies either buy steel directly from a supplier or through a broker.

Our products and services are used in the construction of commercial, residential, and infrastructure projects.

There is a total of 1,563 employees who work for Salit Steel. Figure 1 illustrates the distribution of Salit Steel's employees across various locations. All our employees work in North America.

All Salit Steel companies in the report are primarily responsible for buying and selling steel products. Some entities are involved in manufacturing steel components. The companies undertake the following activities:

- **Myer Salit Limited:** This company oversees operations for the service centers and Ontario Rebar division. It also holds controlling interest in Salit Western Canada Inc., Stelcrete Industries Ltd, and Salit Tube & Steel Inc.
- **Stelcrete Industries Ltd:** Headquartered in Ontario, Stelcrete Industries Ltd manufactures and supplies pre-assembled reinforcing and structural steel components, as well as wire and wire

Number of Employees by Location

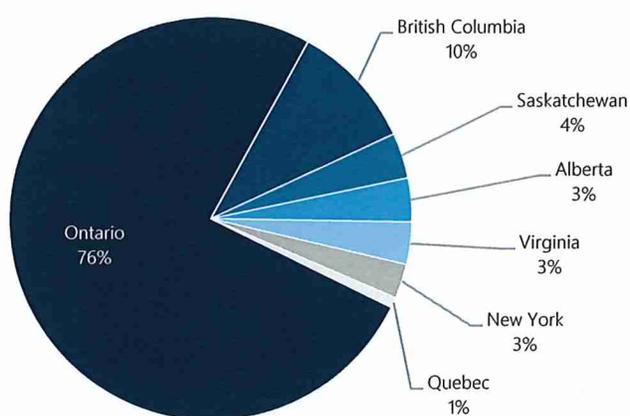


Figure 1

mesh assemblies, to the precast concrete and construction industries across Canada. The product line includes rebar, stainless rebar, couplers, wire coils, wire mesh, straight/cut wire, structural hardware and welding services.

- Salit Tube & Steel Inc.: Provides Mechanical (ERW) tubing and cold finish bars to the store fixture, furniture, healthcare, greenhouse, and fencing industries. Located in Mississauga, Ontario and Montreal, Quebec, Salit also offers hot-rolled products such as angles, HSS, channels, sheets, and plates.
- Salit Western Canada Inc.: A holding company with direct ownership of entities involved in importing or distributing steel products. Salit Western Canada Inc. has majority ownership of Salit Steel BC Inc., Ardel Steel Inc., Canbar Steel Fabricators Ltd., and Sherwood Steel (2020) Ltd.
- Ardel Steel Inc.: Saskatchewan-based business, located in Regina and Saskatoon, involved in the fabrication, distribution and installation of reinforcing steel and related products industry, primarily servicing the home building market.
- Canbar Steel Fabricators Ltd: Canbar Steel Fabricators Ltd. is a rebar fabricator located in Calgary, Alberta with experience in detailing and fabricating rebar delivered to the construction for residential, commercial and government clients. Canbar bends and cuts rebar, welds wire mesh, offers loop ties and more.
- Sherwood Steel (2020) Ltd: Fabricates steel rebar and welded wire mesh for any construction application. Rebar fabrication is completed in Edmonton and the product can be shipped to Western Canada and the Northern Territories.
- Salit Steel BC Inc.: A holding with ownership of Heritage Steel Sales Ltd., and Midvalley Rebar Ltd.
- Heritage Steel Sales Ltd.: Fabricates reinforced steel, based in Langley, British Columbia. Products include rebar, welded wire mesh, reinforcing steel accessories, and mechanical couplers and headed terminators.
- Midvalley Rebar Ltd.: Provides and installs reinforcing steel products throughout British Columbia. The business includes services such as reinforcing steel shipping and storage yards, shearing and fabricating facilities, and estimating, detailing, sales, and administrative offices.
- AAA Rebar Inc.: Provides and installs reinforcing steel in Victoria and the surrounding areas of Vancouver Island. Products include all sizes of reinforcing steel, which can be cut and bent to accommodate all clients' project needs.

Supply Chain

Salit Steel predominantly procures goods from ten (10) countries, eight (8) of which are outside of North America. Salit Steel's country procurement data is approximated.

Salit Steel's main categories of products are steel and stainless steel. Products in our supply chain are either procured directly from our supplier or via brokers.

Policies & Due Diligence Processes

Salit Steel has the following policies and due diligence procedures in place to support the mitigation and management of forced labour and child labour risks within internal activities and their supply chain.

Policies are separated depending on whether they apply to all organizations or any specific entity.

Internal Policies

Salit Steel has the following overarching policy that applies to the entire organization, including all subsidiaries:

Policy	Description	Support in Mitigating Risk of Forced labour and/or child labour
Anti-Harassment and Violence	Salit Steel is committed to building and preserving a safe working environment for our employees. Salit Steel does not condone and will not tolerate acts of harassment and/or violence against or by any Salit Steel employee. For transparency purposes, this policy defines the terms "discrimination", "harassment", and "workplace violence."	Employees must report all incidents experienced or witnessed promptly to their Supervisors, Superintendents, Managers, and/or Human Resources. Salit Steel will not tolerate retaliation, taunts, or threats against anyone who complains about workplace violence or domestic violence. Any person who taunts, retaliates against, or threatens anyone in relation to a complaint may be disciplined or terminated. Therefore, this policy offers protection to employees who report suspected instances of misconduct which can include issues relating to forced labour or child labour. The reporting process identifies recourse for any who commits an infraction against someone reporting violent misconduct.

In addition to the mentioned policy that is consistent across the corporation, Ardel Steel has its own policy regarding ethical conduct:

Ardel Steel Policy

Policy	Description	Support in Mitigating Risk of Forced labour and/or child labour
<p>Ethics Policy</p>	<p>Ardel Steel is committed to contributing to the communities in which we operate and being a responsible corporate citizen. We wish to ensure that all business transactions are conducted in an ethical and legal manner without conflict of interest or personal gain.</p>	<p>Being a good corporate citizen can be interpreted as operating in the best interest of multiple stakeholders, which can include all people involved in the company's supply chain. By committing to ethical and legal business transactions, Ardel Steel can implement and encourage supplier standards that align with our company's Ethics Policy. We recognize the opportunity to establish clear guidelines and requirements for our suppliers regarding labour practices, which will help mitigate the risk of forced labour and child labour in our supply chain.</p>

To reflect acknowledgment and agreement, employees are required to sign off on the identified policies at the time of onboarding and return signed forms to Human Resources.

Due Diligence Processes

Supplier Onboarding

Salit Steel has not encountered any known instances of risks associated with forced labour or child labour. When onboarding new major suppliers, Salit Steels adopts a comprehensive approach to quality assurance. This can involve visits to the mills, where thorough testing and quality checks are carried out. These visits serve as a crucial step to ensure that the materials and products align with Salit Steels' standards. Furthermore, rigorous testing is performed upon delivery to ensure adherence to our established standards.

By conducting visits to mills, Salit Steels gains visibility into our suppliers' operations and production processes. Going forward, Salit Steel recognizes the opportunity to assess the working conditions at the mills and identify any potential indicators of forced labour or child labour. We also identify the opportunity to understand more about our supplier's supply chain.

Supplier Performance Evaluation and Monitoring

Salit Steel occasionally conducts supplier performance evaluations, often in response to suppliers' requests, demonstrating a proactive commitment to fostering growth-oriented partnerships. These evaluations are designed to provide constructive feedback and actionable insights to stimulate

continuous improvement within the supplier network. In the future, Salit Steel may consider incorporating criteria related to labour practices as part of these evaluations, including compliance with laws and regulations regarding forced labour and child labour.

Terms and Conditions

All vendors are bound by the terms they sign as stated in the purchase orders (POs). Terms vary per agreement. The POs delineate the terms and conditions, ensuring that suppliers are legally obligated to adhere to the specified terms.

Recruiting

From an internal operations perspective, as a condition of employment, new employees must present documentation establishing their identity and their eligibility to legally work in Canada. New employees must provide Salit Steel with a valid Social Insurance Number, landed immigrant papers, employment visa, or temporary work permit. This provides Salit Steel with an opportunity to verify that all newly hired employees are legally eligible to work in Canada and are of legal age.

Supply Chain Risk Assessment

Industry of Operation

Salit Steel operates in the steel distribution and fabrication sector. According to a 2022 report published by the International Labour Organization and Walk Free, there is an inherent risk of forced labour in industries involving the process of “transformation of products into new products”. Salit Steel is aware that the wider global industry of steel process and manufacturing is exposed to cases of forced labour.

Within our operations, we abide by strict Canadian and United States labour laws, which help mitigate certain labour-related risks.

Goods Procured

A risk assessment of Salit Steel’s goods procured, and the countries goods are procured from, has been performed for our direct suppliers. This risk assessment used two different indices to conclude the inherent risk of forced labour and/or child labour related to goods and countries — (1) Walk Free’s Global Slavery Index and (2) the US Department of Labor’s List of Goods Produced by Child Labor or Forced Labor.

Salit Steel procures two (2) products – steel and stainless steel. The indices we used show that steel does not carry inherent risks of forced or child labour. In an effort to look at the far reaches of our supply chain, we have conducted a risk assessment on the resources used in the production of steel. The primary resources in the steel our companies procure are iron, nickel, and chromium. A risk assessment of these materials has been conducted, and we identified that there is an inherent risk of forced labour or child labour within the global supply chains of iron.

According to the two indices noted, nickel and chromium are not known to carry inherent risks of forced labour or child labour within their supply chains.

While Salit Steel has no known or reported instances of illegal uses of labour in our operations, our organization recognizes that complex, global supply chains carry risks that may not be reported to us.

Countries Which Goods Are Procured From

At this point in time, Salit Steel does not know exactly where all the steel procured by our companies originates from. Our organization can estimate where steel products were shipped to us in 2023. We are aware that our suppliers purchase goods from other countries, but we do not have visibility on where our suppliers procure their goods from.

To assess the country-related risk of forced labour and child labour, we evaluated countries representing at least one percent of our estimated total procurement spend on steel for 2023.

From the ten (10) countries representing a material share of procurement, we discovered that over 71% of our procurement came from countries that have a lower prevalence of modern slavery in their population according to the 2023 Walk Free's Global Slavery Index.

Remediation and Loss of Income

Salit Steel is in the process of understanding and evaluating our supply chain related to the risk of forced labour and child labour. To date, there are no known instances or reports of the use of forced labour or child labour within our operations or those of our suppliers. Salit Steel is continuing the review of procurement practices to enhance the rigour of our due diligence processes including raising awareness with our suppliers.

Awareness Training

Salit Steel does not have training in place on the topic of forced labour or child labour. However, we offer annual training courses to our employees to enhance awareness of pertinent social issues. These training modules cover a range of topics, including Addressing Racism in the Workplace, Fostering a Culture of Respect and Wellness, Health and Safety, Understanding Human Rights, Workplace Diversity and Inclusion, and Workplace Violence and Harassment. By recognizing and addressing these issues, employees become more vigilant and sensitive to signs of exploitation, making it less likely for instances of forced labour and child labour to go unnoticed or unreported. Salit Steel also tracks the completion of these courses within the system.

When onboarding new employees, part of this process includes reviewing the policies to ensure the individual understands the company's standards and expectations. Policies relevant to forced labour and child labour include anti-harassment and violence and ethics policies.

Salit Steel acknowledges the importance of improving employee training concerning forced labour and child labour. As part of our commitment to ethical practices, we will be assessing relevant training programs for our staff in the foreseeable future.

Assessing Effectiveness

To track Salit Steel's effectiveness of procedures to mitigate the risk of forced labour and child labour, the following mechanisms are in place:

Salit Steel Activities

1. **Total harassment incidents:** Salit Steel has zero tolerance for workplace harassment. All claims made regarding harassment will be reported to the direct Supervisor, Superintendent, Manager, or Human Resources, including a thorough investigation and action plan to resolve the issue in a timely manner.
2. **Employee training:** Salit Steel will continue to track employee training completion metrics to ensure the completeness of mandatory courses.
3. **Governance:** Salit Steel will continue to monitor and assess compliance with the policies and review identified policies on an as-needed basis.

Supplier Activities

1. **Purchase Orders:** Salit Steel has identified the opportunity to implement a clause within the POs regarding zero tolerance for forced labour and child labour. This clause will identify the outcome or, disciplinary action should an instance of forced labour or child labour be reported or discovered by Salit Steel.
2. **Supplier Questionnaire:** A phased-in approach will be adopted to have suppliers complete a Supplier Questionnaire which will include specific questions regarding forced labour and child labour. This phased approach will begin with the largest suppliers first and will continue across the full supply chain within a reasonable time period. For each questionnaire submitted, Salit Steel will collect responses in a centralized system, to understand how the risk of forced labour or child labour affects suppliers.
3. **Supplier Monitoring:** key suppliers of Salit Steel will be monitored on an annual basis through performance reviews and/or onsite visits. Record keeping for frequency of reviews and date of last review is kept in a centralized system to ensure these reviews are being performed.
4. **Governance:** each parameter of supplier activities will be reviewed on an as-needed basis.

Steps Taken

Salit Steel has taken the following steps to prevent and reduce the risk of forced labour or child labour:

1. **Mapping supply chains:** As part of this report, Salit Steel has mapped our supply chain to complete a risk assessment to align with the Act.

2. **Conducting an internal assessment of risks of forced labour and/or child labour in the organization's activities and supply chains:** As part of this report, Salit Steel has identified risks within our activities and supply chain that have inherent risks of forced labour and/or child labour.
3. **Addressing practices in the organization's activities and supply chains that increase the risk of forced labour and/or child labour:** Remediation efforts relating to due diligence mechanisms in place have been identified, to reduce the risk of forced labour and/or child labour within the supply chain.
4. **Gathering information on worker recruitment and maintaining internal controls to ensure that all workers are recruited voluntarily:** Human Resources checks new employee information to ensure they are legally permitted to work at Salit Steel. Future checks will evaluate additional aspects of the recruitment process.
5. **Developing and implementing anti-forced labour and/or -child labour contractual clauses:** Salit Steel has identified the opportunity to integrate contractual clauses within our purchase orders related to anti-forced labour and/or child labour.
6. **Developing and implementing anti-forced labour and/or -child labour standards, codes of conduct and/or compliance checklists:** Salit Steel has identified the opportunity to integrate anti-forced labour and/or child labour standards/conduct into internal policies and training as well as supplier due diligence procedures (purchase orders and questionnaires).
7. **Developing and implementing training and awareness materials on forced labour and/or child labour:** Salit Steel has identified the opportunity to develop employee training relevant to forced labour and/or child labour.
8. **Developing and implementing procedures to track performance in addressing forced labour and/or child labour:** Salit Steel has identified mechanisms in place and to be developed relating to assessing the effectiveness of reducing the risk of forced labour and child labour.

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 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.

<u>STEVEN COHEN</u>	
Full Name	Signature
<u>EXECUTIVE CHAIRMAN</u>	<u>MAY 30, 2024</u>
Title	Date

I have the authority to bind Myer Salit Limited and this report covers the financial year 2023 and applies to Myer Salit Limited and all entities considered reporting entities in terms of the Act and any controlling subsidiaries of Myer Salit Limited if they apply.