



North American Stainless

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May 31, 2024

Annual Report Pursuant to Canada's Fighting Forced Labour and Child Labour in Supply Chains Act (the "Act")

Identifying Information

This joint report (this "Report") is being provided on behalf of North American Stainless, Inc., a Delaware corporation (hereinafter referred to as "NAS, Inc."), and its subsidiaries, including its wholly-owned Delaware corporations: Stainless Steel Invest, Inc. (hereinafter referred to as "SSI"); Stainless Alloys, Inc. (hereinafter referred to as "SAI"); INOX, Inc.; and NAS Financial Investments, Inc., as well its North American Stainless, a Delaware General Partnership (hereinafter referred to as "NAS GP"), the partners of which are SSI and SAI; and NAS, Inc.'s wholly owned Ontario corporation, North American Stainless Canada, Inc. (hereinafter referred to as "NAS Canada") and NAS, Inc.'s wholly owned corporation formed pursuant to the laws of the Federal District of México, NAS México, S.A. de C.V. (hereinafter referred to as "NAS Mexico") (the entities named above will be jointly and collectively referred to herein as "NAS"). NAS operates in the manufacturing sector, and is headquartered in the United States of America.

NAS GP owns all operating, manufacturing and real property assets of NAS in the United States, and employs about sixteen hundred (1600) individuals at its vertically integrated stainless steel manufacturing facility in Ghent, Kentucky, and its warehouses with processing equipment located in Minooka, Illinois; Wrightsville, Pennsylvania; and Pendergrass, Georgia. NAS Canada employs 16 individuals and owns a warehouse and processing equipment in Guelph, Ontario, Canada to serve the Canadian market. NAS Mexico employs 10 individuals and owns a warehouse and processing equipment in Apodaca, Monterrey, Nuevo Leon, Mexico.

NAS 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 either slabs for coiled or plate products or billets for long products. Slabs and billets 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 either in Ghent, Guelph or Apodaca. NAS's upstream supply chains include raw materials procurement as well as equipment components, supplies and replacement parts world-wide.

NAS Inc. is a wholly-owned subsidiary of Acerinox, S.A., a Spanish corporate entity listed on the Madrid Stock Exchange. Acerinox's subsidiary companies manufacture and distribute stainless steel and specialty alloys worldwide through its Acerinox Group of companies. The principal operating companies of the Acerinox Group are Bahru Stainless in Malaysia; Columbus Stainless of South Africa; VDM Metals GmbH of Werdohl, Germany; Acerinox Europa, S.A. of Algeciras, Spain; and Roldan, S.A. of Ponferrada, Spain. Acerinox Group companies required by the Act to provide a report will do so separately.

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This Report is provided in respect of NAS’ financial year ended December 31, 2023 (the “Reporting Year”).

On its website, NAS publishes on its supply chain activities as required by the California Transparency in Supply Chains Act. Although not a ‘reporting requirement’ law, NAS is also subject to compliance with the Uygher Forced Labor Prevention Act of the United States of America.

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NAS’s entity structure is corporate, with one partnership composed of two corporations as specified above.

NAS 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 goods in Canada or elsewhere by NAS or of goods imported into Canada by NAS:

- NAS Employees
 - NAS management closely monitors government regulations and maintains full compliance with all labour laws within the areas where NAS operates.
 - NAS does not hire any full time employee under the age of 18.
 - NAS does employ an occasional co-op or intern position between the age of 16 & 18.
 - New employees go through an extensive background check to verify age and confirm that they are legally allowed to work in the location.
 - NAS has policies to limit the amount of overtime (as defined by local law) that can legally be worked.
- NAS On-Site Contractors
 - Extensive questionnaire known as the “New Vendor Packet” 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 NAS’s sites can only access the NAS site with a NAS issued coded badge. The badge can only be issued by NAS Security after each employee has completed Safety Training & provided proof of name and age. All individuals must be at least 18 years old to receive a Contractor Badge.
- NAS Domestic & International Suppliers
 - All new suppliers must complete an extensive New Vendor Packet that includes specifications that they are in compliance with all governmental laws and regulations including those related to labour.

NAS is a wholly-owned subsidiary of the Acerinox Group of companies headquartered in Madrid, Spain, and relies in part on the Acerinox Group Compliance Department; specifically:

- Acerinox’s Compliance Department has entered all active NAS suppliers in an internationally recognized compliance monitoring system known as “DPS” (Denied Party Screening tool, a product of Thompson Reuters) to verify that NAS’s 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,” and its eponymous 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: [ecovadis.com](https://www.ecovadis.com)

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- Acerinox has received the Ecovadis Platinum award in 2022 & 2023 due to our 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>
- NAS's most critical suppliers are enrolled in Ecovadis.
- With specific reference to ores and mined raw materials imported by NAS: NAS raw materials purchasing does not do business with any supplier that sources its materials from countries internationally recognized as high-risk for conflict minerals: Angola, Burundi, Central African Republic, Congo Republic, The Democratic Republic of the Congo, Rwanda, South Sudan, Uganda, Zambia, and Zimbabwe. NAS's raw materials purchasing department 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.
- NAS requires critical suppliers not enrolled in Ecovadis to complete an extensive questionnaire as of the end of 2023 which included the following questions related to labour:

Please provide answers and details to the following related to your company.

- Maintains a written Human Resources & Employment Practices Guide available to all employees. Yes / No / Comments:*
- Support of Diversity in the workplace as it relates to ethnicity, gender, etc.: Comments:*
- Written Code of Conduct or Ethics Guideline that is available to all your employees: Yes or No / Comments:*
- Written Code of Conduct sent to your suppliers: Yes or No / Comments:*
- Commitment to adhere to all National, State and Local Department of Labour Regulations: Comments:*
- Whistleblower Hotline for individuals to anonymously report issues or grievances: Yes or No/Comments*
- Documented Safety Guidelines and Safety Training for all employees: Yes or No/ Comments:*
- Total Recordable Injury Rate in 2023: _____ per 200,000 hours*
- Written commitment to adhere to all Federal, State & Local Environmental Laws & Regulations Yes or No / Comments:*

Elements of NAS’s due diligence process:

- NAS will not do business with any company that allows forced labour or child labour
- NAS will not do business with companies in the Uighurs region of China.
- Acerinox recently sent representatives to China to visit 12 suppliers. Part of this visit was to confirm that the employees were treated well.

NAS has not identified any part of its activities or supply chains that carry a risk of forced labour or child labour being used.

NAS did not identify any instances of forced labour or child labour being used in its activities or supply chains during the Reporting Year, 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.

NAS did not provide any training to its employees on forced labour or child labour during the Reporting Year.

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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 North American Stainless, Inc., Stainless Steel Invest, Inc., Stainless Alloys, Inc., INOX, Inc., NAS Financial Investments, Inc., North American Stainless, North American Stainless Canada, Inc., and NAS México, S.A. de C.V.

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.

NORTH AMERICAN STAINLESS, INC.

/s/ “Cristobal Fuentes”

Cristobal Fuentes, Director, President & CEO
*I have the authority to bind North American Stainless,
Inc.*

Approved by the Board of Directors of North American Stainless, Inc. this 31st day of May, 2024.