

FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN
SUPPLY CHAINS
2023 ANNUAL REPORT



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I. ABOUT THIS REPORT

This joint report has been prepared in accordance with section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, S.C. 2023, c. 9 (the “**Act**”) on behalf of Sinobec Group Inc. and the reporting entities under its control, Sinobec Trading Inc., Canadian Metal Service Center Inc., Icon Best Shower Enclosures and Railings Inc., and Sinometal Resources Inc. (the “**Reporting Entities**”) for the financial year ended October 31, 2023 (the “**Reporting Period**”).

In this report, unless the context otherwise requires, the terms “**Sinobec**”, “**Company**”, “**we**,” “**us**,” “**our**,” “**ours**,” and similar expressions include encompasses both Sinobec Group Inc. and the Reporting Entities. As the context requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. Additionally, throughout this report, the use of the term “**modern slavery**” encompasses both forced labour and child labour.

This report constitutes the first and only report submitted by the Company with respect to the Reporting Period.

II. STEPS TO PREVENT AND REDUCE RISKS OF MODERN SLAVERY

During the reporting period, we have taken the following measures in an effort to prevent and mitigate the risks of forced labour and child labour in our supply chains:

- Developed and implemented of due diligence processes and policies aimed at identifying, addressing, and prohibiting modern slavery within our supply chains;
- Conducted a comprehensive internal assessment of the risks of forced labour and child labour within Sinobec's operations and supply chains. This included evaluating the activities of our suppliers, subcontractors, and other business partners to ensure compliance with our standards;

- Formally adopted of the Sinobec Group Supplier Code of Conduct, which expressly prohibits the use of forced labour and child labour;
- Requested written statements of compliance with applicable modern slavery legislation from our suppliers; and
- Added an anti-forced labour and/or -child labour provision to our purchase orders.

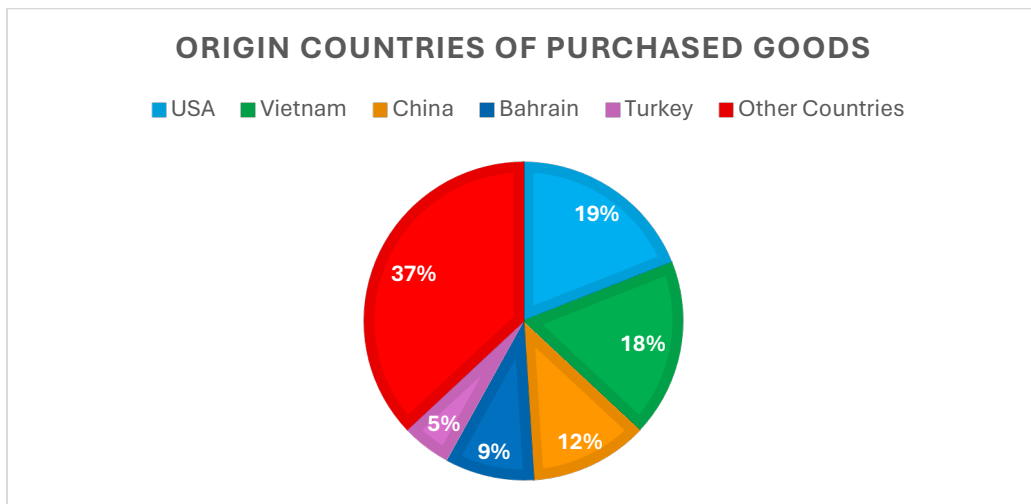
III. OUR STRUCTURE, ACTIVITIES AND SUPPLY CHAINS

Sinobec Group Inc. is a Canadian holding company incorporated under the *Canada Business Corporations Act*, R.S.C., 1985, c. C-44 and headquartered in Montreal, Quebec. It has exclusive ownership of 100% of the issued and outstanding shares of the Reporting Entities, corporations incorporated under the *Canada Business Corporations Act* as well. Sinobec Group Inc. conducts its operations through the Reporting Entities.

Sinobec is a leader in the North American metal trade, wholesaling and distributing a wide range of non-ferrous products, including aluminum billets, ingots, coils, sheets, plates, and extrusions, stainless steel coils, sheets, plates, pipes and tubes, and other aluminum finished products. Our clients operate in a wide range of industries, such as the aviation, automobile, marine, construction, medical equipment, and food industries. We also offer fabrication, manufacturing, warehousing and logistics services to our customers.

Sinobec’s largest markets by sales are the United States, Canada, Mexico, and the European Union, with approximately 80% of sales occurring in North America. We currently have facilities located in the provinces of Quebec and Ontario, specifically in Montreal, Toronto, Brompton, and Mississauga. During the Reporting Period, the Company employed over 110 people all working from Canada.

The Company’s direct suppliers include national and worldwide extruders as well as raw aluminum suppliers.



IV. POLICIES AND DUE DILIGENCE PROCESSES

At Sinobec, we have integrated responsible business conduct into our core policies and management systems. This includes the implementation of a comprehensive Code of Conduct that outlines ethical practices and expectations for all employees and stakeholders. Moreover, we have management systems in place that monitor compliance with our policies and the implementation of responsible business practices across all levels of the organization.

In our procurement practices, we prioritize ethical considerations through our Procurement Policy. We select suppliers based on fair and transparent criteria, giving preference to those who demonstrate a commitment to ethical practices. Our procurement processes are designed in compliance with legal and regulatory requirements.

The Sinobec Group Supplier Code of Conduct (the “**Supplier Code**”) outlines the Company’s dedication to upholding exemplary standards of integrity and sustainability. The Supplier Code establishes the fundamental workplace and business practice standards required of all suppliers working with Sinobec. If local laws impose less stringent obligations on a Supplier, they are expected to follow the higher standards set forth in the Supplier Code. Conversely, if local laws are more rigorous, the Supplier must comply with those laws. Suppliers must adhere to the Supplier Code when doing business with Sinobec. Non-compliance with the Supplier Code of Conduct may result in the termination of the business relationship between Sinobec and the supplier that is in breach of its obligations.

To ensure accountability and transparency, we have established a Whistleblower Protection Policy, which guarantees confidentiality and protection for whistleblowers. Retaliation against individuals who report in good faith is strictly prohibited, and clear reporting channels are in place for whistleblowers to raise concerns.

Our approach to managing adverse impacts includes implementing mitigation strategies such as revising supply chain practices and developing corrective action plans for suppliers who do not meet our standards.

ANTI-FORCED AND CHILD LABOUR PROVISION IN THE SINOBEC GROUP SUPPLIER CODE OF CONDUCT

“All work must be voluntary, and suppliers must not engage in human trafficking or use any form of slave, forced, bonded, indentured, or prison labour. This includes prohibiting the transportation, harboring, recruitment, transfer, receipt, or employment of persons by means of threat, force, coercion, abduction, fraud, or payments to any person having control over another person for the purpose of exploitation.”

Suppliers must not withhold workers’ original government-issued identification and travel documents and must ensure that employment contracts clearly state the conditions of employment in a language understood by the workers. Suppliers must not impose unreasonable restrictions on movement within the workplace or upon entering or exiting company-provided facilities.”

“Suppliers must employ only workers who meet the applicable minimum legal age requirement and must not employ any person under the age of 16, even if local law permits otherwise. Suppliers must comply with all applicable child labour laws. Suppliers may employ juveniles older than the applicable legal minimum age but younger than 18, provided the work does not jeopardize their health, safety, or morals.”

We are committed to transparent communication with our stakeholders. This commitment is reflected in the publication of annual sustainability reports that provide insight into our efforts and progress in addressing adverse impacts. Plus, we engage in stakeholder engagement initiatives to discuss our actions and gather feedback.

V. FORCED LABOUR AND CHILD LABOUR RISKS

Within the Company

We consider the risks of forced labour and child labour within our organization to be low. We respect the human rights of all individuals involved in our operations. Our employment practices ensure fair and equitable treatment of our employees, providing a work environment that is safe, healthy, and free of any discrimination, harassment, or inhumane treatments. We strictly adhere to federal and provincial labour laws and regulations. We offer our employees competitive compensation and benefits and we do not hire any child under the age of 16.

Within our Supply Chain

At Sinobec, we conduct regular risk assessments to identify and evaluate potential adverse impacts within our operations and supply chains. These assessments consider environmental, social, and governance factors. This process includes conducting supplier audits and administering self-assessment questionnaires to identify risks associated with suppliers and business partners. Additionally, we utilise due diligence processes that evaluate the risk profile of potential and existing suppliers based on the following criteria: (i) the sector or industry they operate in; (ii) the regions or countries where they conduct their activities and operations; (iii) the type of products they source or use in their supply chains. In light of these criteria, the Company considers that the risk of modern slavery being used in its supply chains is low.

VI. REMEDIATION MEASURES

To date, Sinobec has not identified any instances of forced or child labour within its activities or supply chains and has not needed to implement any remediation measures. However, we've established procedures for remediation should adverse impacts be identified in the future, such as the implementation of grievance mechanisms that allow stakeholders to report concerns and seek redress. Moreover, Sinobec collaborates with external organizations to aid in remediation efforts and offer compensation as needed.

VII. TRAINING

As we have not, as of the date of publication of this report, identified any instances of forced or child labour within our activities or supply chains, we do not currently offer specific training to our personnel on modern slavery. However, we acknowledge the importance of addressing these issues and raising awareness among the people we work with of the risks of modern slavery in supply chains. Consequently,

we are contemplating offering training sessions to our senior management, executive staff, and directors to enhance prevention and awareness efforts.

VIII. ASSESSING EFFECTIVENESS

Sinobec is firmly committed to upholding ethical and responsible business practices, ensuring that its operations remain free from modern slavery and any other human rights violations. To achieve this, Sinobec uses a monitoring and evaluation framework to assess the effectiveness of its due diligence processes, which includes regular reporting and review meetings. Additionally, Sinobec utilizes performance indicators to measure the effectiveness of its initiatives in mitigating adverse impacts.

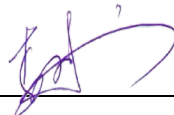
IX. APPROVAL AND ATTESTATION

The Report has been duly reviewed and approved by the board of directors of Sinobec Group Inc. on behalf of itself and the other Reporting Entities in accordance with subparagraph 4(b)(ii) of Section 11 of the Act.

As required by paragraph 11(5) of the Act, I, the undersigned, attest that the information contained in this report has been thoroughly examined and verified by the board, and that, to the best of my knowledge and after having exercised due diligence, the information contained herein in is true, accurate, and complete in all material respects for the Reported Period specified above.

I have the authority to bind Sinobec Group inc. and the other Reporting Entities

Per:



Zhong Li

President and Chief Executive Officer

May 31, 2024