



Report on the Fighting of Forced Labour and Child Labour in Supply Chains Act

Year ended December 31, 2023

Introduction

This report has been prepared by Tree Island Steel Ltd. and has been prepared pursuant to Section 11 of the *Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”). This report summarizes the efforts that Tree Island Steel Ltd. and its operating subsidiaries, Tree Island Industries Ltd. and Tree Island Wire (USA) Inc., (hereinafter together referred to as “Tree Island” or the “Company”) have taken and is continuing to take to combat forced and child labour in its business and supply chain.

This report covers activities for the financial year ending December 31, 2023. The use of the words “we”, “us” and “our” refers to Tree Island.

This report has been prepared by the management of Tree Island. At this time, Tree Island does not currently have mandatory reporting obligations related to forced and child labour in any other jurisdictions.

Steps to Prevent and Reduce Risks of Forced Labour and Child Labour

Tree Island maintains a zero-tolerance approach to forced and child labour regardless of with whom it works and where it does business. Tree Island is committed to complying with all relevant laws concerning forced and child labour in all the countries where it operates, including the Act, and to using its zero-tolerance approach in an effort to prevent forced and child labour throughout its network of suppliers.

Over the course of the 2023 financial year ended on December 31, 2023, Tree Island has taken the following steps to reduce the risk of forced labour and child labour occurring in its activities and supply chains:

- Published a Supplier Code of Conduct, which outlines the minimum standards that must be met by every supplier that sells goods or services or does business with Tree Island and includes Tree Island’s approach to forced and child labour within its supply chain. The Supplier Code of Conduct is referenced in the terms and conditions of all purchase orders and published on the Company’s website;
- Implemented risk assessment and due diligence processes and tools to evaluate, prevent and mitigate human rights risks in Tree Island operations with its suppliers;
- Began mapping its supply chain and reaching out to suppliers in regions with higher risks of forced and child labour, to make them aware of the Canadian “Fighting Against Forced Labour and Child Labour in Supply Chains Act”, ensure they have reviewed Tree Island’s Supplier Code of Conduct, and address any questions or concerns the supplier may have;
- Enhanced our supplier onboarding pre-qualification questionnaire to more directly address potential concerns of forced or child labour.

Structure, Activities and Supply Chains

Structure:

Tree Island Steel Ltd. is incorporated under the *Canada Business Corporations Act*. Tree Island Steel Ltd.'s head office is located at 3933 Boundary Road, Richmond, British Columbia, Canada, V6V 1T8 and its common shares are traded on the Toronto Stock Exchange under the symbol "TSL".

Tree Island Steel Ltd.'s corporate structure has the following primary entities: Tree Island Industries, which is its Canadian operating company as well as the ultimate parent company to its operations in the United States, which are managed through its U.S. operating subsidiary, Tree Island Wire (USA) Inc.

Tree Island has approximately 360 employees in Canada and 70 employees outside of Canada.

Activities:

Headquartered in Richmond, British Columbia, Tree Island has been in business since 1964 and is one of North America's largest producers of steel wire and fabricated wire products. Through its Canadian operating company, Tree Island Industries, and its U.S. operating subsidiary, Tree Island Wire, Tree Island produces and sources thousands of different products which can be classified into eight broad product categories: galvanized wire, bright wire, welded wire concrete reinforcing mesh, bulk nails, collated nails, stucco reinforcing products, fencing products, and other fabricated wire products. The market segments into which the products are sold are categorized into four segments: Industrial, Agricultural, Commercial and Residential.

Supply chains:

Tree Island procures goods and services from several different jurisdictions globally, with most of its suppliers located in Canada and the US. The Company also currently procures goods from suppliers located in Asia, Europe and Mexico. The types of goods generally procured include carbon steel wire rod, zinc, lead, chemicals, packaging, equipment and parts, and certain wire and finished wire products as manufacturing input or for resale.

| Country/Region | Approximate Number of Suppliers |
|----------------|---------------------------------|
| Canada | 350 |
| USA | 175 |
| Asia | 25 |
| Europe | 10 |
| Mexico | 2 |

Policies and Due Diligence Processes

Policies:

Tree Island maintains a zero-tolerance approach to modern slavery, forced labour and child labour in any part of its business or supply chains. Tree Island is committed to consistently evolving and improving its approach. As part of Tree Island's endeavor to eliminate any risk of engagement with such practices in its supply chains, Tree Island has published a Supplier Code of Conduct and General Terms and Conditions for Purchase Orders.

These documents set out the expectations Tree Island has of its supply chain partners, in relation to human rights, health and safety, the environment and anti-corruption.

Supplier Code of Conduct:

Tree Island's Supplier Code of Conduct sets the minimum standards of conduct expected of all suppliers and business partners of Tree Island Steel. Tree Island requires its suppliers to comply with all laws and regulations applicable to their own operations. Any unlawful or prohibited conduct, inclusive of forced labour or child labour, will not be condoned, and Tree Island reserves the right to immediately terminate its business relationships with a supplier that fails to meet its Supplier Code of Conduct's standards.

Whistleblower Policy:

Tree Island's Whistleblower Policy establishes that any employee may submit a good faith complaint regarding any integrity-related regulatory matters to management without fear of dismissal or retaliation of any kind. Tree Island is committed to achieving compliance with all applicable laws and regulations.

Tree Island's Audit Committee will oversee treatment of employee concerns in this area, and complaints will be kept confidential to the fullest extent possible, consistent with the need to conduct an adequate review of the complaint.

General Terms and Conditions for Purchase Orders:

Tree Island's General Terms and Conditions for Purchase Orders are embedded on each purchase order and set the terms and conditions that govern the purchase orders and contracts for goods and services issued by Tree Island. By accepting Tree Island's purchase orders, suppliers confirm to adhere by these terms, encompassing from expected performance from the supplier to the observance of applicable laws and regulations in place.

Due Diligence:

As part of its due diligence, Tree Island has implemented risk assessment and due diligence processes and tools to evaluate, prevent and mitigate human rights risks in its operations with its suppliers.

Additionally, in its efforts under the Act's requirements, Tree Island has instated contractual tools for its direct suppliers, as described in its Supplier's Code of Conduct, which requires suppliers to agree to uphold Tree Island's standards with respect to human rights, allow Tree Island to perform audits of the supplier's operations if necessary to verify more directly whether its standards are being met, and report human rights issues related to the supplier's activities with Tree Island.

Forced Labour and Child Labour Risks

Tree Island considers the risk of forced labour or child labour to be low in the Company's operations in Canada and the United States. In fact, all employees in Canada and the United States are hired in accordance with the applicable laws and regulations in force in the respective jurisdictions the Company operates in.

Tree Island acknowledges the potential existence of forced labour and child labour risks in its supply chains, as the Company sources some of its goods globally.

Tree Island has implemented steps and actions to help identify and mitigate these risks in its supply chains, including:

- **Risk assessment and management:** Tree Island has instituted a risk assessment framework that categorizes suppliers based on their geographical locations and industries. High-risk suppliers undergo additional scrutiny to ensure the efficacy of their policies in mitigating potential risks. The Supplier Code of Conduct clarifies and emphasizes details Tree Island's ethical commitments and expectations from its partners.
- **Supply chain evaluation:** All of Tree Island's suppliers are mandated to review and adhere to the Supplier Code of Conduct. Regular due diligence is conducted to identify and rectify risks within its supply chains. Periodic site visits or third-party audits may be conducted to validate compliance with the Supplier Code of Conduct, with agreed-upon timelines for mitigation if breaches are identified.

Tree Island is committed to taking steps to identify and address potential incidents of forced labour or child labour in our supply chains and is committed to continuous improvement within its existing governance processes and supplier risk and management processes.

Remediation

During the reporting period, Tree Island did not identify any evidence of the use of modern slavery, forced labor, or child labor within its supply chains and therefore no measures were needed to remediate forced labour or child labour in our activities and supply chains.

In the event of such an occurrence, Tree Island is dedicated to collaborating with its suppliers to resolve any issues encountered, prioritizing support for affected individuals in vulnerable positions. Rather than hastily terminating business relationships, this approach aims to mitigate harm and prevent further loss of income.

Training Efforts

Tree Island is engaging with its suppliers to raise awareness of modern slavery risks and discuss best practices for prevention and mitigation. Tree Island is also looking into training options for its procurement and sourcing functions to help them better identify and mitigate these risks in its supply chain.

Effectiveness Assessment

In addition, management, in collaboration with quality management and procurement teams, actively reviews policy implementations to identify areas for continuous improvement. Simultaneously, Tree Island will work closely with its suppliers, fostering a collaborative approach to address non-conformities and eliminate the risks of modern slavery, forced labor, and child labor from its supply chains.

Approval and Attestation

This report was approved pursuant to subparagraph 11(4)(b)(ii) of the Act by the Board of Directors of Tree Island Steel Ltd. on May 2, 2024.

In my capacity as a Director of Tree Island Steel Ltd., and not in my personal capacity, I make this attestation in accordance with the requirements of the Act.

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.

Full Name: Amar S. Doman

Title: Executive Chair of the Board of Directors

Date: May 2, 2024

Signature: (signed) "Amar S. Doman"

(I have the authority to bind Tree Island Steel)