

Varsteel Ltd.
Corporate Center
Suite 330 Chancery Court
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www.varsteel.ca

Bill S-211 Report for the Fiscal Year ended December 31, 2023

This following report is made pursuant to Bill S-211, An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff. This document outlines the approach and initiatives by Varsteel Ltd. ("Varsteel"), and its subsidiaries Atlantic Tube & Steel Inc. and Pacific Steel Inc., to identify and address the risks of forced labour and child labour in its business operations and supply chains during the year ended December 31, 2023. All information noted in this report is effective as of December 31, 2023 unless noted otherwise.

Group Structure

Varsteel operates with headquarters in Lethbridge, Alberta. Varsteel has been in business for 70 years and operates 35 steel service centers across Canada and the United States. Varsteel has two wholly-owned Canadian subsidiaries: Atlantic Tube & Steel Inc., which operates a tube mill in Ontario; and Pacific Steel Inc., which operates a steel service center in Quebec.

This report is filed as a joint report, encompassing the activities and policies of Varsteel, Atlantic Tube & Steel Inc. and Pacific Steel Inc. unless specifically noted otherwise. Any reference to "Varsteel" throughout the report reflects the position of these three entities, unless otherwise specifically noted.

Supply Chain and Associated Risks

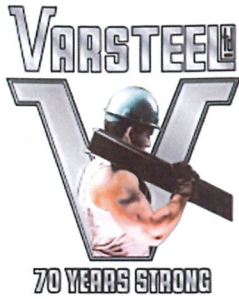
Varsteel purchases various steel products including, but not limited to, beam, plate, tubing, and coil. Varsteel does not create the steel products from raw materials; rather, we purchase from steel mills and other metals resellers and distribute to customers for manufacturing, processing, or other purposes. These steel products are acquired both domestically and internationally from supply chain partners of various sizes.

Throughout the entire supply chain, Varsteel is committed to conducting its business and engaging with businesses who operate in an ethical, legal, and socially responsible manner. However, there are risks associated with the steel supply chain.

- As Varsteel does not manufacture the steel products themselves, there is reliance upon the steel mills and manufacturers to always maintain adherence to human and labour rights legislation as noted by Bill S-211 and internationally recognized human rights organizations. This is particularly true for steel mills in international jurisdictions. There are risks associated with potential

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differences in local laws, regulations, and cultural viewpoints of international suppliers who do not adhere to the standards enforced under Bill S-211.

- Varsteel may purchase steel products via traders or other intermediaries, adding additional levels between the original manufacturer and Varsteel for reduced transparency into the origination of the goods and the labour practices associated with their production.

Risk Assessment and Actions Taken

Varsteel is committed to implementing a human rights due diligence process. Therefore, Varsteel has established the Supplier Code of Conduct Policy subsequent to year end. The policy is designed to ensure that suppliers and contractors of Varsteel are committed to conducting business responsibly and in compliance with required laws and regulations in lockstep with Varsteel. The Supplier Code of Conduct addresses, amongst other items:

- Requirement to comply with all applicable federal, provincial, state and local laws, regulations and procedures.
- Requirement to company with absolute adherence to zero forced labour or child labour, as defined in Bill S-211.
- Requirement to not discriminate in its employment practices.

Varsteel is currently obtaining verification from key supply chain partners and subcontractors of their commitment to the Supplier Code of Conduct and, specifically, the requirements noted in Bill S-211. While Varsteel has always operated under the ethical and legal obligations surrounding forced and child labour, it is committed to enhancing its written policies, procedures and documentation surrounding such adherence.

Given the geographical distance and volume of mills and sources of steel, it is not practical to have frequent reviews or on-site audits of supplier facilities for potential human rights abuses.

Remediation and Training

Varsteel believes it is critical to act swiftly in the event that forced or child labour is identified either through initial due diligence or ongoing supply chain review. If an alleged forced or child labour complaint is confirmed through further investigation, Varsteel commits to cease relations with that vendor immediately and report to the relevant authorities and assist with any investigation as required.

Varsteel has an employee handbook outlining expectations and frameworks for all Varsteel employees. This policy handbook includes, but is not limited to, guidelines for appropriate conduct, confidentiality and information handling, and hiring standards. Varsteel is in the process of implementing mandatory training for management and any individual involved in the supply chain process for human rights, forced and child

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70 YEARS STRONG

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labour issues, in addition to the already existing employee code of conduct and Supplier Code of Conduct.
The training is to be delivered in an e-learning format.

Declaration

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.

Gerald Varzari, President, I have the authority to bind Varsteel Ltd.

Date: May 29, 2024

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