

National Steel Car Limited

Report Under the Fighting Against Forced Labour and Child Labour in Supply Chains Act (Canada) 2024

1. INTRODUCTION

This report (the "Report") is prepared pursuant to section 11 of the Fighting Against Forced Labour and Child Labour in Supply Chains Act, S.C. 2023 c.9 (the "Canada Act") by National Steel Car Limited ("NSC", the "Company", "our" or "we") for the financial year ending December 31, 2024 (the "Reporting Period"). NSC does not currently report under similar supply chain legislation in any other jurisdiction.

NSC is committed to preventing the use of forced labour and child labour within our operations and throughout our global supply chains. We maintain a zero-tolerance policy toward modern slavery in any form, and we expect our suppliers and business partners to uphold the same standards of ethical conduct and responsible business practices that are foundational to our corporate values.

This Report outlines the measures taken by NSC to identify, prevent, and mitigate the risks of forced labour and child labour in both our operations and supply chains.

2. STRUCTURE, ACTIVITIES, AND SUPPLY CHAIN

Structure and Activities

Established in 1912, NSC is a leading North American designer and manufacturer of freight and tank railcars. We are privately held and incorporated under the Canadian Business Corporations Act. Our corporate headquarters and manufacturing facilities are in Hamilton, Ontario, Canada. NSC employs between 1,500 to 2,000 team members, the majority of whom are represented by the United Steelworkers Union (the "Union").

Supply Chain

NSC's supply chain is multi-tiered and global in scope, comprising a broad network of suppliers providing materials and services essential to our railcar production, office operations, and plant functions. Our supplier base spans multiple countries, with a primary concentration in North America.

Tier-1 suppliers are integral to our value chain and typically provide key materials and components, including ferrous metals, forged and cast parts, coatings, and non-metallic materials. These suppliers are generally certified by the Association of American Railroads (the "AAR") and subject to annual compliance audits.

Our internal Supply Management team oversees procurement and maintains strategic relationships to ensure supply chain resilience and quality.

3. RISK ASSESSMENT OF FORCED LABOUR AND CHILD LABOUR

Our Operations

NSC considers the risk of forced labour and child labour within our operations in Hamilton, Ontario, Canada as low. This assessment is based on several key factors, including the robustness of Canadian labour laws, the presence of a unionized workforce representing the majority of our employees, and our established internal compliance practices. These safeguards are further reinforced by our commitment to ethical business conduct, adherence to relevant industry regulations, and the core values that underpin our corporate governance framework.

Our Supply Chains

A preliminary risk assessment has been conducted on our Tier-1 suppliers, who account for the majority of procurement spend. While many suppliers are based in North America, some operate within complex global networks, which may present inherent risks concerning transparency and traceability. To mitigate these risks, NSC prioritizes long-term partnerships with reputable suppliers that demonstrate a commitment to ethical labour practices. Ongoing efforts aim to improve due diligence and visibility across all tiers of our supply chain.

4. POLICIES AND DUE DILIGENCE PROCESSES

NSC's governance framework includes policies and procedures to prevent forced labour and child labour, promote human rights, and ensure responsible business conduct. The following components support and reinforce our commitment:

Code of Ethics and Business Conduct

The NSC Code of Ethics and Business Conduct sets forth our core values and standards, including expectations regarding:

- Health and safety,
- Conflicts of interest, including anti-corruption and bribery,
- Discrimination and harassment,
- Workplace violence, and
- Equal employment opportunities.

Health and Safety Policy

Our Health and Safety Policy emphasizes proactive risk identification, shared accountability, and continuous improvement. It includes clear employer and employee responsibilities, safety training and ongoing education, hazard identification, and formal incident reporting and investigation protocols.

Joint Health & Safety Committee

The Joint Health and Safety Committee includes equal representation from both NSC management and the Union and conducts monthly inspections, reporting directly to the Executive Safety Steering Committee. It plays a vital role in ensuring worker participation and workplace safety.

Union Engagement

We maintain a strong relationship with the Union and support formal grievance mechanisms detailed in the Collective Bargaining Agreement. These channels promote employee rights and ethical labour standards.

Supplier Chain Practices

Suppliers are expected to comply with the Canada Act and to maintain appropriate labour and safety programs in alignment with applicable laws and regulations. Our supplier purchase orders include specific contractual provisions that require compliance with all relevant legislation.

Reporting Mechanisms

Employees can report concerns through open-door communication or formal grievance channels. We are developing a confidential, anonymous ethics line accessible to employees and third parties, including suppliers, for reporting violations of policies or ethical standards.

5. REMEDIATION MEASURES AND LOSS OF INCOME

NSC is committed to implementing responsible and ethical remediation measures, particularly in situations where reported issues may result in a loss of income. Our approach prioritizes fair treatment and the protection of affected individuals, in alignment with human rights standards. No instances of forced labour or child labour have been identified within NSC's operations or supply chains during the Reporting Period and therefore no remediation has been required.

6. EMPLOYEE TRAINING

Employees authorized to represent NSC receive training on our Code of Ethics and Business Conduct. Additional targeted training for procurement and supply chain personnel is under development, with a focus on identifying and addressing risks of modern slavery.

7. MEASURING OUR EFFECTIVENESS

NSC has implemented a variety of measures to prevent and mitigate the risks of forced labour and child labour within our operations and supply chains. While a formal evaluation of the overall effectiveness of these efforts has not yet been undertaken, we are committed to conducting such an assessment in the future as part of our commitment to continuous improvement.

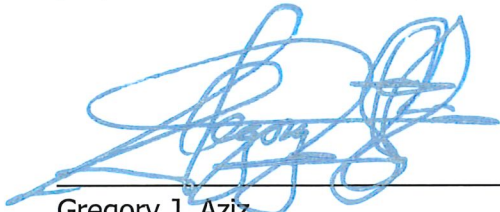
In the interim, we continue to strengthen the effectiveness of our approach through the following actions:

- Ongoing assessments of supplier performance,
- Monitoring adherence to our policies, and
- Conducting annual reviews and updates of our due diligence framework.

8. ATTESTATION

The Report was approved pursuant to paragraph 11(4)(a) of the Canada Act by the Director of NSC.

In accordance with the requirements of the Canada Act, and in particular section 11 thereof, the undersigned, attest that I have reviewed the information contained in the report for National Steel Car Limited. 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 Canada Act, for the reporting year listed above.



Gregory J. Aziz
Chairman and Chief Executive Officer
National Steel Car Limited