

Fighting Against Forced Labour and Child Labour in Supply Chains Act 2024 Annual Report

1. Introduction

This Report has been prepared in accordance with the requirements of the Fighting Against Forced Labour and Child Labour in Supply Chains Act (“the Act”) in relation to the financial year from January 1, 2024, to December 31, 2024. This is a joint report made by the following entities as defined under the Act (“Entities”):

Nordic Minesteel Technologies Inc., and its German subsidiary Schalke Locomotives.

References to “the company”, “we”, “us”, and “our” are to one or more Entities.

Nordic Minesteel Technologies Inc. (“NMT”) is located in North Bay, Ontario, Canada and is a corporation incorporated pursuant to the laws of Canada. It is an “entity” within the “manufacturing” industry sector that, for the purposes of the Act, has assets in Canada and based on our financial statements, meet two of the three conditions under the Act that obligate us to prepare this annual report. Schalke Locomotives GmbH (“Schalke”), a majority owned subsidiary of NMT with offices and manufacturing facilities located in Gelsenkirchen, meet the conditions under Germany’s Supply Chain Due Diligence Act.

NMT acknowledges the risks of forced labour and child labour in the global supply chain. We are committed to continuous improvement in our due diligence, risk assessment, remediation, and training processes. The NMT Group does not knowingly use child labour or forced labour in any of our operations, nor do we knowingly accept commodities, products and/or services from suppliers that employ, or use forced labour or child labour.

2. Steps taken during the previous financial year to prevent and reduce the risk that forced or child labour is used in any step of the production of goods in Canada or elsewhere by the entities or of goods imported into Canada by the entities

In 2024, NMT reviewed and approved our **Modern Slavery Policy** which sets out the principles, policies, and procedures in relation to modern slavery and modern slavery regulatory requirements which NMT adheres to as a business.

All NMT employees are required to read and sign off on our **Modern Slavery Policy** and all new employees are trained in Human Rights and Forced Labour during their on-boarding process.



In 2024, a formal **Supplier Code of Conduct** was introduced, mandating annual acknowledgment from all existing suppliers. Additionally, a **New Supplier Onboarding Process** was implemented to ensure that all new suppliers complete the **Supplier Evaluation Questionnaire** and sign the **Supplier Code of Conduct** prior to receiving vendor approval.

An internal assessment of risks of forced labour and/or child labour in NMT's activities and supply chains was conducted. The assessment on our tier 1 suppliers was risk-based, focusing on the supplier, supplier policies, the commodity being procured, the location of the supplier and the % of total spending (CDN dollars). This assessment identified new action items to add to our Action Plan to address forced labour and/or child labour.

3. Organization Structure, business activities and supply chains

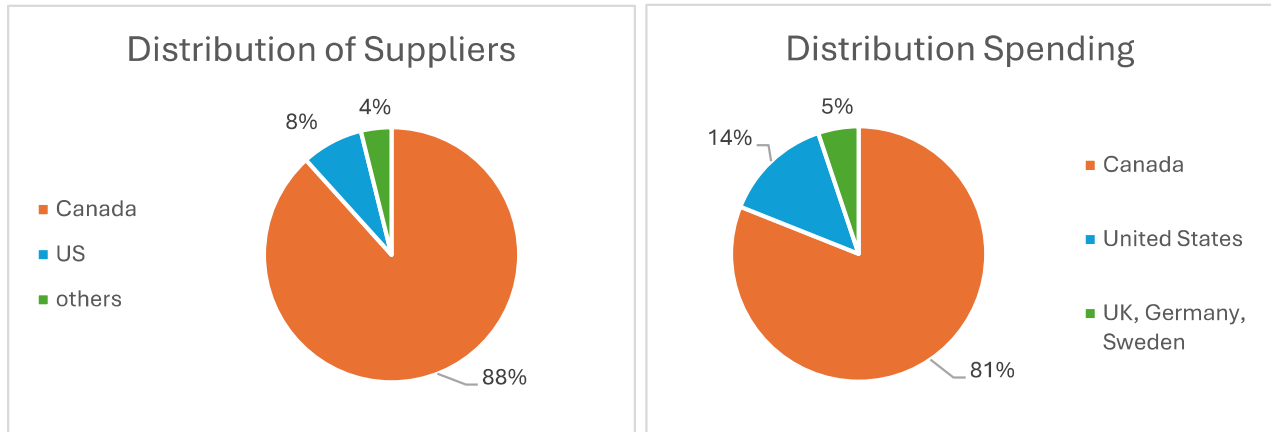
Nordic Minesteel Technologies Inc. ("NMT") with offices and manufacturing facilities located in North Bay, Ontario, Canada offers integrated underground haulage systems including Nordic chutes, rail cars, unloading stations, loading pockets, skips, cages, head sheaves and shaft steel. Schalke Locomotives GmbH ("Schalke"), a majority owned subsidiary of NMT with offices and manufacturing facilities located in Gelsenkirchen, Germany develops, manufactures, and supplies tailor-made locomotives, overhead catenary, and rail related solutions.

Both NMT and Schalke offer site specific custom engineering and design, manufacturing of customized solutions, automation solutions, quality assurance and control, full scale testing, export packaging and delivery, after sales service, and technical support for our customers world-wide.

NMT is incorporated under the Canada Business Corporation Act ("CBCA") and governed by the laws of Canada. As of December 31, 2024, NMT employed 70 people in North Bay and Schalke employed 35 people in Gelsenkirchen.

Our operations require a wide variety of goods and services to operate, the majority of which are produced with highly skilled and trained labour, including engineered products and technical services, as well as specialized material for our manufacturing operations. Our supply chain includes suppliers that provide raw and fabricated products, metal products, electronics, hydraulic and pneumatic controls, wear products, wheels, paint, hardware, and various other components and chemicals used to support our manufacturing processes.

During the reporting period, NMT procured goods and services globally. Approximately 88 percent of our suppliers were based in Canada, 8 percent were in the United States, 4 percent in the UK, Sweden and Germany. Based on sales, approximately 81 percent was spent in Canada, 14 percent in the United States, and 5 percent in the UK, Sweden and Germany.



4. Policies and due diligence processes in relation to forced labour and child labour

NMT actively assesses and manages forced labour and child labour risks by integrating due diligence into our sourcing decisions, conducting supplier risk assessments, and implementing contractual obligations to ensure our suppliers adhere to ethical labour practices.

We are committed to continuous improvement, transparency, and accountability. Our approach includes regular policy reviews, employee and supplier training, and mechanisms for reporting and remediating any suspected incidents of modern slavery. Through these efforts, we aim to support safe, fair, and humane working conditions across all levels of our supply chain.

As part of our commitment to ethical sourcing, our **New Supplier On-Boarding Process** includes rigorous screening measures to assess and mitigate the risk of forced labour and other forms of modern slavery. All prospective suppliers are required to complete a due diligence questionnaire, which includes detailed inquiries regarding labour practices, working conditions, recruitment methods, and compliance with international human rights standards.

Suppliers must acknowledge and agree to our **Vendor Code of Conduct** as a condition of engagement. This document sets out clear and enforceable expectations for all suppliers, requiring compliance with international human rights standards, including the prohibition of all forms of forced, bonded, or compulsory labour. This Code is aligned with the core conventions of the International Labour Organization (ILO), the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises.

Where elevated risk is identified—based on sector, geography, or past compliance history, we conduct enhanced due diligence, which may include third-party audits, site visits, and interviews with workers. Non-compliance triggers a structured remediation process, and in severe cases, may result in termination of the supplier relationship.

By embedding human rights considerations into the onboarding process, we aim to ensure that all new suppliers share our commitment to ethical labour practices and contribute to the integrity and sustainability of our supply chain.

Our **Modern Slavery Policy** reflects our commitment to preventing all forms of modern slavery—including forced labour, human trafficking, debt bondage, and child labour—within our operations and throughout our global supply chains. All new employees are provided with training and sign off on the policy.

All employees must abide by NMT's **Code of Conduct** that stipulates that we are committed to promoting and ensuring ethical and responsible conduct in all our operations with the utmost respect for the rights of all individuals and the environment.

NMT provides Human Rights Training for all our employees during their on-boarding process. By December 31, 2024, 100% of our staff employees completed the training.

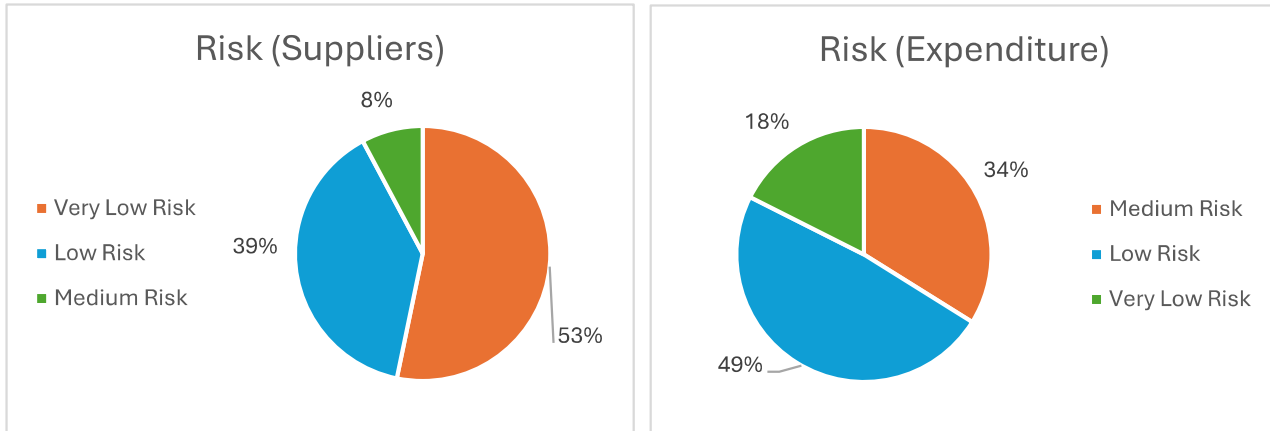
Risks of forced labour and child labour in our operations and supply chains

We consider the risk of forced labour occurring within our operations to be low for the following reasons:

- All our employees are hired in accordance with the laws and regulations in the jurisdiction where we operate.
- During NMT orientation, all employees are trained in Human Rights, Ontario Employment Standards Act and NMT's Policies.
- The majority of NMT's workforce consists of employees that are highly skilled and trained.

Based on supplier location, policies in place addressing forced and child labour, commodity and amount of goods purchased, we assessed our 2024 primary suppliers and found the risk of forced labour and child labour low.

An assessment of our supplier base revealed that 92% of NMT suppliers and 66% of supplier-related expenditures were classified as either very low or low risk. Importantly, no vendors were identified as high risk or prohibited. While the potential for forced or child labour exists within the broader supply chains of certain product categories—such as electronics and rubber, particularly in jurisdictions, where such risks are more prevalent, we are committed to partnering with vendors who uphold our values and demonstrate a strong commitment to respecting human rights.



5. Measures taken to remediate any forced labour or child labour

In 2024, NMT did not identify any instances of forced labour or child labour in its activities or supply chain.

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In 2024, NMT did not identify any instances of forced labour or child labour in its activities or supply chain. Accordingly, no remediation measures for loss of income to vulnerable families were necessary.

7. Training provided to employees on forced labour and child labour

NMT is committed to respecting human rights as a fundamental principle in our operations, reinforced through training. Computer-based human rights awareness training is provided to all new employees to improve their understanding of human rights issues and awareness of potential human rights risks. Understanding and complying with NMT’s policies and procedures, including NMT’s Code of Conduct, is a condition of working at NMT and training is provided to all employees.

8. Assessing the effectiveness of our actions

NMT understands it has a responsibility to assess and mitigate the risks of modern slavery, including forced labour and child labour, in its operations and supply chains over the long term. Through our policies and procedures, employees are encouraged to ask questions, voice concerns, and make appropriate suggestions regarding our business practices. Employees are expected to promptly report suspected violations of the law, company policies, or internal procedures so management can investigate and take appropriate action as soon as possible.



NMT has created an action plan for 2025 to improve our supplier risk management system, review, revise and create policies and procedures and improve training to further solidify our commitment to combating forced labour and child labour in our business and supply chains.

9. Attestation and Approval

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. 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.

Ronald P. Elliott
President, Nordic Minesteel Technologies Inc.
May 30, 2025

A handwritten signature in blue ink, appearing to be "R. Elliott", written over a horizontal line.

"I have the authority to bind Nordic Minesteel Technologies Inc."