



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

Year ended December 31, 2024

Introduction

This report has been prepared by Tree Island Steel Ltd. ("Tree Island Steel") in accordance with Section 11 of the Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act (the "Act"). It outlines the actions taken by Tree Island Steel and its operating subsidiaries, Tree Island Industries Ltd and Tree Island Wire (USA) Inc. (collectively referred to as "Tree Island" or the "Company"), to combat forced labour and child labour in its operations and supply chain.

This report covers the financial year ending December 31, 2024, and has been prepared by Tree Island's management. Tree Island does not currently have mandatory reporting obligations related to forced and child labour in other jurisdictions.

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

Tree Island maintains a zero-tolerance policy for forced and child labour and is committed to full compliance with all relevant laws where it operates. During fiscal year 2024, Tree Island continued its efforts to mitigate these risks, with some programs still in development and being implemented progressively. These include:

- **Supplier Code of Conduct:** All suppliers reviewed and accepted the Supplier Code of Conduct, which sets minimum ethical and legal standards.
- **Completed Risk Assessment:** Tree Island has conducted an initial assessment of suppliers deemed critical and at higher risk of exposure to forced and child labour. Further refinements to this assessment, including additional supplier engagement and validation measures, are being developed.
- **Training Initiatives:** All procurement employees completed mandatory training on forced and child labour awareness, delivered in partnership with Supply Chain Canada. Expansion of training programs to include suppliers is under consideration
- **Planned Remediation and Monitoring:** Tree Island is currently in the process of designing a structured follow-up process for high-risk suppliers. This includes subject-related training, compliance check-ins, and a future audit framework that is still under review.

Structure, Activities, and Supply Chains

Structure:

Tree Island Steel is incorporated under the Canada Business Corporations Act. Its 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's corporate structure has two operating entities: Tree Island Industries Ltd., 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 in the USA.

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 numerous jurisdictions around the world, 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.

Key raw materials include carbon steel wire rod, zinc, lead, chemicals, packaging, and equipment.

Policies and Due Diligence Processes

Tree Island maintains a zero-tolerance approach to modern slavery, forced labour and child labour in any part of its business or supply chain. 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 regarding 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 worked to implement additional risk assessments and procedures throughout the calendar year to evaluate, prevent and mitigate human rights risks in its supply chain. Additionally, in its efforts under the Act's requirements, Tree Island has established certain compliance requirements 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 whether its standards are being met, and mandatory reporting of any 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:

- **Supplier Risk Assessment:** An initial evaluation of key suppliers has been conducted to identify potential risk areas. Additional oversight measures, including supplier engagement and third-party audits, are under review.
- **Planned Monitoring and Audits:** Tree Island is exploring the introduction of third-party audits and regular follow-ups in high-risk regions. These measures are expected to form part of the Company's long-term approach.
- **Supplier Self-Assessment Questionnaire (SAQ):** Tree Island is in the process of developing an annual SAQ to track suppliers' progress on ethical business practices.

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

Remediation

In 2024, no cases of forced or child labour were identified within Tree Island's direct operations or supply chain. However, for suppliers categorized as medium or high risk, Tree Island has initiated:

- Establishing regular check-ins to ensure adherence to the Supplier Code of Conduct.
- Development of a supplier training program on ethical labour practices.
- Defining a structured approach for planning site audits.

If forced or child labour were identified, Tree Island would work with suppliers to resolve issues rather than immediately terminating contracts, ensuring remediation supports vulnerable workers.

Training Efforts

Tree Island is engaging with its suppliers to raise awareness of modern slavery risks and discuss best practices for prevention and mitigation, which include a Supplier Capacity Building program that is being developed. Also, Tree Island implemented a mandatory procurement training program in 2024, covering the subject of forced labour and child labour in supply chains, in order to raise awareness of the issue.

Assessing Effectiveness

In addition, management, in collaboration with quality assurance 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. Future enhancements include:

- Increasing third-party audits and on-site inspections.
- Introducing supplier self-assessment questionnaires between audits.
- Developing a Supplier Capacity Building Program.

Approval and Attestation

This report was approved by the Board of Directors of Tree Island Steel Ltd. on May 9, 2025.

In accordance with the requirements of the Fighting Against Forced Labour and Child Labour in Supply Chains Act (Act), and in particular section 11 thereof, I, in the capacity of Executive Chair of the Board of Directors, attest that I have reviewed the information contained in the report on behalf of the governing body of the 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 within this report.

Full Name: Amar S. Doman

Title: Executive Chair of the Board of Directors

Date: May 9, 2025

Signature:



(I have the authority to bind Tree Island Steel Ltd.)