



Valbruna ASW Inc.
Fighting Against Forced Labour and Child Labour in Supply Chains
Report for 2024 Fiscal Year

Introduction

This report (“Report”) is made in compliance with Canada’s Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”) by Valbruna ASW Inc. (“VASW”), an Ontario corporation located in Welland, Ontario.

This Report is a single-entity report for the fiscal year ended December 31, 2024.

Structure, Activities and Supply Chains

Valbruna ASW Inc., founded in 2019, is a premier specialty steel producer located in Welland, Ontario. Valbruna Group, which is a family-owned and operated stainless steel manufacturer headquartered in Vicenza, Italy, acquired ASW Steel Inc. through its Canadian distribution arm, Valbruna Canada Ltd. and set up Valbruna ASW as the Valbruna Group’s manufacturing presence in the Canadian market. VASW operates on the footprint of property that has been used as a steel making site since 1918 under former ownership. VASW offers a unique combination of carbon, stainless, and other specialty steelmaking capabilities. Our renowned flexible steel refining methods include argon oxygen decarburization, vacuum degassing, and ladle metallurgical station that allow for the production of numerous high-quality products. VASW’s products are widely used in various industries such as aerospace, mining, nuclear, agriculture, specialty equipment manufacturers, heavy machinery, and oil and gas. We employ approximately 140 people and are proud to operate the only stainless steel melt shop in Canada.

The primary material input into our steel-making process is scrap steel, most of which is sourced locally within Ontario. The rest consists of scrap material generated when our sister company in Indiana rolls our product and ships the scrap back to us to be re-melted. We also purchase alloys and gases from third party suppliers that are added during the melting process to create the specific chemistry and characteristics required for each grade.

In 2024, all suppliers providing in excess of \$100,000 CAD in material or services to VASW were located in Canada, the United States, or Europe, accounting respectively for 72%, 23% and 4% (approximately) of the total.

Policies and Due Diligence

Health and Safety Policies

VASW ensures that employees are protected against forced or compulsory labour through its Health and Safety Policy and accompanying procedures, which set out the expectations, requirements and responsibilities for safety in the workplace, including all employees’ right to refuse unsafe work.

We also take steps to ensure we are compliant with applicable human rights and employment laws and best practices with respect to maximum hours of work, wages, recruitment activities and a harassment-free workplace. We do not employ workers who are under the minimum working age pursuant to Ontario law and do not hire anyone under the age of 18 years to work in any kind of safety-sensitive role. Employees who perform manufacturing activities are unionized and we work closely with our union to ensure that all employees are being treated fairly and any issues are resolved appropriately.

Code of Ethics (Policy and Commitment on Human Rights)

Valbruna ASW is bound by its Italian parent Acciaierie Valbruna SpA's Code of Ethics (COE). This document, which applies to all the Valbruna Group entities and reinforces the Company's requirements and expectations for conducting business ethically and the resulting expected behaviours, includes a statement on Valbruna's commitment to human rights. The Acciaierie Valbruna SpA's COE can be found on the Valbruna Group internet site www.valbruna-stainless.com as well as on VASW's own website. Said COE reiterates our group's Social Responsibility and as part of our commitment to human rights, we stand firmly against the use of forced labour and child labour in our operations and across our supply chain. The COE Policy applies to all employees, directors, officers, and workforce of Acciaierie Valbruna SpA and its majority owned subsidiaries in all countries where Valbruna conducts business. It is reviewed periodically and approved by its Board.

Expectations on Reporting Violations

Said COE also provides a framework for asking questions and highlights resources in place to report concerns. At VASW we report (and encourage the reporting of) actual or potential non-compliances with our policies or our legal requirements, including those in relation to forced labour and child labour, so they can be addressed appropriately.

Personnel are required to report any actual or suspected violation of the law or of our COE, including those in the context of forced labour and child labour, and all health, safety and environment related hazards, potential hazards or incidents, of which they become aware. Valbruna takes every report seriously and provide immunity from disciplinary action for good faith reporting of incidents and issues. Personnel have several avenues to report an issue depending on its nature, including to the Acciaierie Valbruna SpA's Supervisory Body established under Italian Legislative Decree N. 231, dated June 8, 2001.

We have a work refusal procedure which outlines employees' rights to refuse unsafe work and the process by which these refusals are resolved, which include the involvement of management, the union and the workplace Joint Health and Safety Committee representative and, if required, a representative from the Ontario Ministry of Labour.

Additional information related to VASW's due diligence processes is provided below in the discussion of our actions to address modern slavery risks.

Parts of Our Business and Supply Chain that Carry the Risk of Involving Forced Labour and Child Labour and the Steps Taken to Assess and Manage these Risks

Understanding Our Risk Exposure

VASW's greatest risk exposure to forced labour and child labour is through its suppliers, in particular those that provide certain raw materials and the primary sources of these risks come from procuring goods in higher-risk countries and sectors. We purchased over \$100M CAD of goods in 2024 and based on a review

of our key suppliers (those supplying goods in excess of \$100,000 CAD), these goods were sourced from only Canada, U.S.A., and Europe. Most of the countries where the goods were purchased from are evaluated as presenting a relatively low risk of forced and child labour practices. There are no goods procured from suppliers in high-risk countries.

VASW and the other entities of the Valbruna Group are already participating and compliant with several laws and regulations for the transparency of international supply chains, including:

- The US and Canadian Customs regulations requesting all importers of steel products into the US and Canada to identify the “country of melt and pour” of said steel products, and
- The so-called Conflict Minerals laws and regulations, like the Dodd-Frank Act dated 2001 of the US and the European Union Regulation 2017/821, aiming to ensure that key minerals like tin, tungsten, tantalum and gold are sourced responsibly from areas not subject to armed conflicts like the DRC, in which the risk of violence and human exploitation including forced and child labour is particularly severe; of said minerals only tungsten is occasionally used in some stainless steel grades manufactured by VASW.

In 2024, VASW undertook the following new initiatives aimed at improving the oversight and transparency of our supply chain:

- Established a cross-functional working group involving the Company Secretary, its Purchasing Manager and its Corporate Counsel to examine its supply chain for activities and suppliers at high risk for forced labour and child labour risks;
- Included the following wording in its Standard Conditions of Purchase:

“Purchaser operates within the Valbruna Code of Ethics. Seller agrees that in connection with the Goods, Terms and Purchase Orders that Seller, and anyone operating on Seller’s behalf, shall be made aware of the compliance requirements under Valbruna’s Code of Ethics and that Seller and its employees, subcontractors and agents shall abide by this Code of Ethics, including monitoring and ensuring such compliance by Seller’s employees.”
- Developed a supplier certification confirming their practices against forced and child labor which has been signed by all the top 35 suppliers who provided goods or services in excess of \$100,000 in 2023; and
- Reviewed internal worker recruitment policies and procedures to ensure that all VASW’s workers are recruited voluntarily.

Remediation Measures

As VASW has not identified any forced labour or child labour issues in its manufacturing or supply chains, it has not had to take any measures to remediate or rectify any forced labour or child labour or to remediate any loss of income to vulnerable families resulting from actions taken to eliminate the use of forced labour or child labour in our activities or supply chains.

Training

All employees are trained on our health and safety policies and procedures, including policies to prevent harassment and discrimination and the process for refusing unsafe work. This training is part of our onboarding program for all new hires and various aspects of these policies are reviewed and refresher training is provided as needed.

In connection with our efforts to be compliant with the Fighting Against Forced Labour and Child Labour in Supply Chains Act, we have made our Purchasing employees aware of VASW's specific commitments and measures outlined in this report and they have participated in the data collection for this report as well as the project to have the top suppliers sign the certification against forced and child labour.

We have also posted a copy of the Valbruna Group Code of Ethics on our own company website.

Assessing our Effectiveness

As part of the Valbruna Group, VASW maintains internal accountability standards and procedures through the Group COE and other internal policies and procedures described in this report to address employees, contractors and suppliers who fail to meet company standards and uphold human rights.

We are currently developing and implementing additional measures to hold suppliers accountable on critical forced labour and child labour issues within their own operations.

Report Approval and Attestation

This Report was approved pursuant to subsection 11(4)(a) of the Act by the Board of Directors of Valbruna ASW Inc.

In accordance with the requirements of the Act, I attest that I have reviewed the information contained in the Report for Valbruna ASW Inc. 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.

VALBRUNA ASW INC.

(the "Corporation")

AUTHORIZING RESOLUTION

Re: Legal requirements in section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Act")

WHEREAS:

1. The Corporation is subject to the legal requirements set out in section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*; and
2. The Corporation has prepared a report (the "Report") to be submitted and published in accordance with sections 11(1) and 11 (3) of the Act.

RESOLVED THAT:

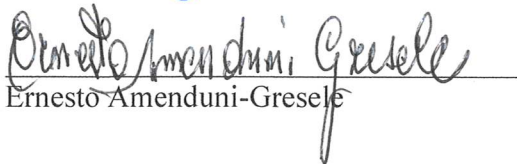
- (a) The undersigned hereby attest that they have reviewed the information contained in the Report. Based on their knowledge, and after having exercised reasonable due diligence, the undersigned approve the Report.
- (b) Lynn Currie (Corporate Counsel and Human Resources Manager) shall have authority to sign the Report and attest to its contents on behalf of the undersigned.

THE FOREGOING RESOLUTION is hereby consented to by all of the directors of the Corporation pursuant to the *Business Corporations Act* (Ontario), as evidenced by such directors' signature hereto. The foregoing resolutions may be signed in one or more counterparts and/or by electronic facsimile, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and each counterpart shall be deemed to bear the effective date written below.

DATED as of the ____ day of May, 2025


Michele Amenduni-Gresele


Massimo Amenduni-Gresele


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