



2024

# MODERN SLAVERY REPORT

# Modern Slavery Report 2024

## Introduction

The following document serves as the report on fighting forced labor and child labor in the supply chains (Bill S-211, the Fighting Against Forced Labor and Child Labor in Supply Chains Act) for the year 2024 for Novamerican Steel Inc.

This report applies to the company itself, as well as to all its Canadian subsidiaries and business units:

- Novamerican Steel Inc.
- Nova Steel Inc.
- Nova Tube Inc.
- Nova Steel Products Inc.
- Chriscott Logistics Inc.
- Chriscott Properties Inc.

## Our Commitment

We take our legal responsibilities very seriously and are committed to supporting our employees, suppliers, and partners in understanding, identifying, and reporting potential or apparent cases of forced labor and child labor within Novamerican Steel Inc.'s supply chains. To achieve this, we have implemented and reviewed our internal policies and will continue our efforts to improve processes within our supply chain.

## Progress in the Last Year

During the past year, several advancements have been made as part of the company's ongoing efforts to improve the health, safety, and well-being culture of our employees, as well as to follow behind Canada's efforts in fighting forced labor and child labor. Here is a non-exhaustive list of these advancements:

- Implementation of a policy against forced labor and child labor.
- Revision of the Health and Safety Policy.
- Revision of the Environmental Policy, which includes a section on forced labor and child labor.
- Implementation of a reporting process available to employees and all individuals on the company's website.

## Company Structure

Novamerican Steel Inc. is an independent company and a leader in the industry. It operates across multiple sectors in the steel industry in North America. Our product and service offerings include pickling, cut-to-length services, as well as slit coils for the stamping and automotive sectors, automotive tubes, tubular

parts, and more. With over 40 years of expertise in steel processing, manufacturing, and distribution, we aim to effectively adapt to change in an ever-evolving business world.

With over 19 sites across North America and new facilities currently under construction in the United States, Mexico, and Canada, our goal is to remain agile in response to the changing business landscape.

Novamerican Steel comprises of 845 employees in Canada, distributed across 11 operating units, as well as a headquarters located in Lasalle, Quebec. There are 9 operating units in the province of Quebec and 2 in Ontario.

### Company Policies

All employees and representatives of the company are required to adhere to the programs and various policies established by the company and its various subsidiaries or operating units, including the health and safety policy, the environmental policy, and the policy to combat forced labor and child labor. These policies include codes of conduct that:

- Hold employees and representatives of the company accountable for maintaining a safe working environment for all.
- Exercise vigilance towards the work environment, external influences, and applicable laws and regulations, and comply with them.
- Protect the environment and continuously improve processes, manufacturing methods, product quality, supply chains, and logistics.
- Promote the transition to a circular economy.
- Act in accordance with all applicable national and foreign laws regarding the use of forced labor and child labor and report any concerning circumstances.

A whistleblowing tool has also been established. Concerns can be directly addressed via email at the address below or reported confidentially and anonymously on the company's website.

[Ethics@novasteel.ca](mailto:Ethics@novasteel.ca)

<https://novasteel.ca/>

All company policies are reviewed as needed, and rigorous oversight is conducted to ensure opportunities for improvement are identified and to monitor compliance with laws and market trends.

## Description of Workforce

For the purposes of this report, the composition of the workforce will be treated as a whole for all subsidiaries and operating units. Workforce management supervision falls under the company's headquarters. This approach allows for standardization of resource management across all establishments and ensures internal equity. Here are some highlights of this composition in Canada.



Number of employees - Operations	733
Number of employees - Administrative	84
Number of employees - Hourly rate	607
Number of employees - Salaried	238

### *Recruitment*

Whether recruitment is conducted by an external agency or directly by the company's personnel, the corporate Human Resources Department or the business unit HR department ensures that each candidate is interviewed to establish the alignment between the company's expectations and those of the candidate. This interview also ensures that the candidate is applying for the job voluntarily. Questionnaires are shared with all employees authorized to conduct these interviews.

The company does not recruit internationally. Foreign employees hired by the company are recruited directly within Canada, and they already possess a work permit.

## Supply Chain

The vast majority of purchases made by Novamerican Steel Inc. and its subsidiaries and operating units are purchases of raw materials, in this case steel. The scope of this analysis focuses on the procurement of raw materials.

### *Key Suppliers*

Novamerican Steel Inc. is proud to prioritize the procurement of North American steel. Indeed, our main steel suppliers are located in Canada. Procurement is also carried out in the United States as needed. Some operating units of the company also resort to overseas procurement, notably in Sweden, Turkey and United Arab Emirates.

All North American suppliers also adhere to standards similar to those of Novamerican Steel Inc. and have also committed to a policy to combat modern slavery. The company's procurement team also conducts visits to these suppliers and is thus able to observe the working conditions of employees at these suppliers.






Our main overseas suppliers also apply a human rights policy banning modern slavery.

Risks

The risk assessment conducted by the company shows that the sector of steel processing and the nature of the product's supply chain represent a low risk level for us regarding forced labor and child labor. In fact, the U.S. Office of International Affairs does not list these sectors as at-risk sectors in the "List of Goods Produced by Child Labor or Forced Labor."

The majority of our suppliers operate in North America or, for others, in countries with well-developed regulations and high standards in this regard. Furthermore, all of our suppliers enforce a strict policy to combat modern slavery and impose a code of conduct on their own suppliers regarding this matter.

***Vulnerability of supplier countries of origin***

Country of Origin	Vulnerability Level
 Canada	Low
 United States	Low
 Sweden	Very low
 United Arab Emirates	Low
 Turkey	Moderate

<https://www.walkfree.org/global-slavery-index/map/#mode=map:map=vulnerability:year=2023:view=countries>

***Risk Management & Actions Taken***

Despite a low level of risk for the presence of forced labor and child labor in our supply chain, Novamerican Steel Inc. adopts a prevention and awareness approach with our employees and suppliers.

<i>Actions Taken</i>	<i>Actions in Progress</i>
Implementation of a policy against forced labor and child labor	Revision of supplier contracts to include provisions on forced and child labor
Revision of health and safety policy	Development of a questionnaire for all potential suppliers without a policy against modern slavery
Revision of environmental policy to include a section on forced labor and child labor	Employee training to increase understanding and awareness of modern slavery
Implementation of a whistle-blowing process available to employees and all individuals on the company website	Distribution of policy against forced labor and child labor to suppliers
Risk analysis of raw material supply chain	Creation of a training program for company employees on modern slavery

The provisions regarding forced labor and child labor will be added to supplier contracts at the time of contract renewal. The company's policy to combat forced labor and child labor will be distributed immediately to reinforce Novamerican Steel Inc.'s zero-tolerance message.

### Training

A training program on combating modern slavery is currently under development to provide tailored training to all employees. It will be divided into three categories:

- Senior executives
- Employees involved in procurement process
- General employees

The training will aim not only to raise awareness among employees and company representatives about the issue of forced labor and child labor and familiarize them with warning signs but also to communicate Novamerican Steel Inc.'s zero-tolerance stance on this matter and promote the reporting of any suspicious situations. The training will be mandatory for all employees as part of the onboarding and integration process.

### **Vigilance on Modern Slavery**

Novamerican Steel Inc. is aware of the sensitivity of this issue and the importance of continuing efforts to improve processes and raise awareness among all its employees and suppliers. The responsibility for overseeing management's efforts in combating forced labor and child labor has thus been entrusted to a specified member of the executive team.

### KPI

Key performance indicators have been identified to track the effectiveness of this modern slavery risk management program:

- The ratio of employees trained on the issue of modern slavery.
- The ratio of suppliers with a program or policy to combat modern slavery.
- The number of purchased products included in the "List of Goods Produced by Child Labor or Forced Labor" by the U.S. Office of International Affairs.
- The ratio of countries of origin of purchased products with a vulnerability level on the Global Slavery Index higher than "Low".

## **Future Actions**

Novamerican Steel Inc. encourages progress and continuous improvement across all its operations and policies. Therefore, the company is committed to further developing its knowledge on the subject and continuing the development of its risk management program to combat forced labor and child labor. In this regard, the company aims to expand its scope to include all its suppliers throughout the year 2024.