



## 2023 Forced Labour and Child Labour Report

### About this Report

Since 1855, Samuel has been recognized as a business built on the principles of trust, integrity, and strict compliance with the law. We are guided by our Values and our Mission as we create unique and differentiated value for our customers, shareholders, and other stakeholders.

#### **Our Values**

Respect, Integrity, Agility, Courage, Accountability and Ownership

#### **Our Mission**

To be a world-class industrial products company and an exceptional place to work.

This Report is published in accordance with the provisions of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Act"). This Report is prepared by Samuel, Son & Co., Limited, ("[Samuel](#)").

This Report describes Samuel's policies and the actions taken to provide enhanced clarity and transparency in our supply chains related to child and forced labour. This Report sets out the steps we have taken during the 2023 fiscal year (and which are on-going) to prevent, to the extent possible, and significantly reduce the risk of child and forced labour during any stage in the production of goods in Canada or elsewhere, and of goods we import into Canada.

### Introduction

Samuel respects and acknowledges internationally recognized human rights principles. Consistent with the principles outlined in our [Code of Conduct](#) and [Supplier Code of Conduct](#), Samuel has zero tolerance for forced labour and child labour. Our businesses are explicitly prohibited from using child labour and forced labour. Similarly, Samuel emphatically communicated with our key suppliers that the use of child or forced labour to source or produce goods supplied to Samuel is strictly prohibited.

This Report sets out the steps taken by Samuel to ensure our businesses and suppliers comply with our [Code of Conduct](#) and [Supplier Code of Conduct](#), as well as Canada's Bill S-211, *Fighting Against Forced Labour and Child Labour in Supply Chains Act*.



## **Structures, Activities and Supply Chains**

Founded in 1855, Samuel is a fifth-generation, family-owned, privately held corporation (business number 104708409RC0008) headquartered in Ontario. Samuel is a leading metals and industrial products manufacturer, processor, and distributor. Samuel operates primarily in Canada and the United States and also has operations in Mexico, Australia, and Germany. Samuel serves a diverse customer base across multiple end markets such as aerospace, automotive, agriculture, construction, mining, food and beverage and others.

Samuel is comprised of 4 operating divisions: (1) service center – Samuel purchases, processes and distributes a broad line of metals and metal products in a wide range of sizes, shapes and specifications; (2) manufacturing – manufacturing of aluminum extrusions, as well as steel and plastic packaging solutions ; (3) engineered solutions – manufacturing of pressure vessels, roll-formed products, metal spinning products; and (4) automated solutions – design and assembly of automated solutions for the manufacturing sector.

As of December 31, 2023, Samuel had 5,386 employees based in the United States and Canada who are engaged in skilled trades, sales, and professional services in support of Samuel's day-to-day management and operations.

Samuel's governance processes are modeled after public company best practices. The Chief Executive Officer, together with the executive team, is broadly responsible for the planning and execution of strategy and all facets of enterprise operations under the direction of the Board of Directors. Each division, led by a member of the executive team, has its own leadership team responsible for business unit specific strategy and operations.

Samuel's Board of Directors, which is comprised of a majority of independent directors, is a decision-making body providing oversight of the organization's enterprise risk management and long-term strategy.

The majority of Samuel's supply chain is comprised of suppliers who provide metal and other materials and metal-related services to Samuel. In 2023, we contracted with 337 suppliers who supplied us with aluminum, steel (carbon and stainless), and titanium. Eighty percent (80%) of our suppliers are based in North America. Specifically, fifty seven percent (57%) of our suppliers are based in Canada, and twenty-three (23%) are based in the United States. Our remaining suppliers are based in Asia and the European Union. We, however, recognize that some of our suppliers may supply us with products that originate from other regions.



## Policies and Due Diligence Processes

### I. Samuel's Policies

#### **Supplier Code of Conduct**

Samuel stands firmly behind compliance with all laws and regulations in dealing with our suppliers and customers. As set out in our [Supplier Code of Conduct](#), Samuel's core values fall into five categories: Integrity, Respect, Courage, Ownership and Agility. Having sustainable and compliant supply chain practices and policies allows Samuel and its suppliers to conduct business in line with our core values and policies.

In collaboration with our suppliers, we aim to minimize risks and create stable relationships with our business partners. Ethical and compliant supply chain policies are a key strategic lever in maintaining our global competitiveness and safeguarding the integrity of the supply of materials and services. For these reasons, the company considers economic viability and environmental, social, and corporate governance practices in choosing new suppliers or continuing its relationships with existing ones.

Samuel is committed to high standards of ethical and business conduct, including the procurement of goods and services. Samuel treats its suppliers with openness, respect and integrity and we convey our values and policies in furtherance of our respect for human rights. We expect suppliers to adhere to Samuel's [Supplier Code of Conduct](#), along with all relevant terms and conditions.

Among other things, the Code sets out requirements related to ethics and integrity, labour, and employment practices, protecting human rights, sustainability, and diversity and inclusion. The Code expects our suppliers to protect the rights of workers in our extended supply chain, including giving due regard to health and safety standards and local wage and hour laws. In particular, the [Supplier Code of Conduct](#), specifically prohibits the use of child and forced labour, or human trafficking of any kind.

Part of our procurement processes includes, where applicable, due diligence on potential suppliers to assess whether they will be able to meet our requirements. During the performance of contracts, we monitor supplier performance, as necessary. We take human rights issues as well as other labour practices in our supply chain seriously and have a process to investigate and address allegations of misconduct. As noted in our [Supplier Code of Conduct](#), Samuel has a zero-tolerance policy regarding the use of forced labour and child labour and will not do business with any supplier that engages in these practices.

#### **Code of Conduct**

Samuel's senior management together with our Board of Directors set the tone for our ethical culture and holds managers accountable for communicating ethics and compliance expectations

internally and externally. Samuel's [Code of Conduct](#) seeks to promote honest and ethical conduct and support compliance with applicable laws and regulations. The [Code of Conduct](#) with mandatory training for all employees, reflects our policies relating to respect in the workplace, forced labour, human trafficking, wages and work hours, and non-discrimination. Non-compliance with Samuel's policies regarding human trafficking and slavery has serious consequences - whether by a supplier or an employee - up to and including termination.

### **Reporting Violations**

Samuel has well-established policies and procedures to enable employees, suppliers and other third parties to report potential violations of our policies, including the [Code of Conduct](#) and the [Supplier Code of Conduct](#). The cornerstone of our reporting policies is the Speaking Up Policy which encourages employees, suppliers and third parties to report any violations or concerns to management.

Samuel also has a whistleblowing platform, the Ethics Hotline. The Ethics Hotline is available 24/7 in English, French and Spanish. Concerns can be made anonymously via email, phone or through the Ethics Hotline web portal. The Ethics Hotline is managed by a third party and allows for the anonymous filing of complaints and provides complainants with updates on steps taken by Samuel to investigate and resolve the complainant's concerns. Hotline complaints are managed by the Legal/Compliance, Human Resources and Internal Audit teams at Samuel and are reviewed each quarter by the Board of Directors.

## **II. Due Diligence Processes**

### **Supplier Audits**

Samuel conducts risk-based audits of our key suppliers to evaluate compliance with company policies and standards. The audits review supplier compliance with Samuel's policies in respect to human trafficking and slavery, including child and forced labour, as well as our broader social responsibility and sustainability policies.

The scope of the supplier audits is tailored to reflect Samuel's assessment of the level of risk for coerced labour practices in the country where the supplier operates. Preliminary supplier risk assessments are conducted through supplier self-assessment questionnaires. Our suppliers receive questionnaires, including questions targeted at human trafficking, slavery and child and forced labour risk. Samuel uses the questionnaire to identify risk areas for its suppliers. Using a risk-based approach, announced audits are then scheduled and conducted by internal and external auditors using industry-accepted protocols to ensure that supplier conduct, and performance is consistent with our policies and expectations. In the event an audit reveals supplier non-conformance with Samuel's policies, depending on the circumstances, we either require suppliers to establish corrective action plans and report on the implementation of such plans, or we may terminate the relationship.

### **Direct Certification**

Samuel's Compliance/Legal team, in conjunction with Samuel's Internal Audit team, has implemented a robust compliance due diligence (CDD) process to promote relationships with third-party partners that are ethical and compliant.

The CDD process is as follows: following the identification of a potential business partner, but prior to contract approval, business units are required to work with Compliance/Legal and Internal Audit to vet the potential supplier. The CDD process assists Samuel in identifying potential red flags or areas of non-compliance.

Samuel's CDD process focuses on two key objectives: (1) to stop illegal activities in its supply chain and (2) to continuously improve our ethical standards in doing business with our business partners. First, we conduct checks of our business partners (vendors and customers) against both Canadian and United States sanctions lists. Second, we engage in a robust, three-tiered due diligence process that entails vetting, risk assessment and continuous monitoring of our suppliers and other business partners. Our vetting process searches for critical red flags relating to sanctions, ethics, compliance, and forced labour, including child labour. These three steps are as follows: (1) investigation; (2) findings and action plan and (3) continuous monitoring.

#### **(1) Investigation:**

Potential suppliers must complete Samuel's Forced Labour Supplier Questionnaire. Samuel uses this questionnaire to gauge a potential supplier's adherence to forced labour and child labour laws and assess the potential supplier's policies relating to the prevention of forced and child labour practices.

Suppliers must disclose their environmental, social and governance (ESG) practices. Samuel reviews suppliers and beneficial owners/principals against a variety of sanctions lists, global watch lists and human rights violations red flags. This review is conducted manually, and Samuel utilizes a third-party risk intelligence platform used by United States Customs and Border Protection (CBP).

#### **(2) Findings and Action Plan:**

If concerns arise from the initial vetting, Samuel's compliance team escalates the matter to Samuel's procurement team for a second level inquiry which involves a more in-depth screening of the vendor. Such an investigation may include searching industry-specific sources; in-country databases; international government records; press coverage and any mention of key executives and associated parties. If there are elevated risks or continuing concerns, the Samuel procurement team works with the particular vendor to understand the vendor's labour practices and prepare, if necessary, corrective action plans so as to ensure that forced and child labour are not used in the supply of goods and/or services to Samuel.

The process for corrective action plans is set out in the section below titled “Remediation Processes.”

Where Samuel is not able to effectively resolve the issue with a vendor, and there is reasonable but inconclusive evidence of the use of child or forced labour, Samuel would either terminate the relationship with the supplier or conduct a third level of inquiry. A third level inquiry may include an audit conducted by an independent third party with experience in uncovering forced labour and child labour in supply chains.

### **(3) Continuous Monitoring:**

Samuel continuously monitors our suppliers to ensure against the use of child and forced labour in our supply chain. Our monitoring includes periodic reviews of our suppliers with methods that include, but are not limited to, using a risk intelligence-based platform and watch lists. Samuel also employs a mapping process review of all phases of the supply chain – from raw materials to finished goods – to identify regions, products lines, and vendors where there is elevated risk of child and forced labour.

### **Remediation Processes**

If Samuel concludes that a supplier has or potentially has used child or forced labour, then Samuel will provide the supplier with notice of its findings. The supplier is then given the opportunity to provide evidence showing that the goods or services in question were not produced by child or forced labour. A supplier has three months after the date of notice in which to respond. Samuel reserves the right to terminate the relationship with any supplier who cannot comply or refuses to comply. While Samuel’s internal policy is to work with our suppliers, we do not tolerate human rights violations in our business practices, and we support ethical sourcing.

### **Steps Taken to Prevent or Reduce the Risk of Child or Forced Labour in Our Supply Chains**

In 2023, as part of Samuel's ongoing efforts to prevent and reduce the risk of child and forced labour in our supply chains, we have undertaken the following initiatives:

- Screened our suppliers using a third-party supply chain risk intelligence provider that supports transparency around the relationships between businesses and individuals in order to power safer global commerce.
- Hired additional compliance resources to assist with our third-party due diligence process.
- Updated our [Supplier Code of Conduct](#) to include regulatory provisions on forced labour and child labour practices.
- Initiated a robust supply chain vetting process to include requirements for human rights and ethical business practices.

### **Risks in our Operations**

Samuel considers the risk of child and forced labour occurring within its operations to be low considering the nature of our workforce and the policies and procedures that govern our employment relationships.

Further, from a geographical risk perspective, the employees subject to this report operate in Canada and the United States only, where there is a low prevalence of child and forced labour. Therefore, there is a low risk of vulnerability to child labour and forced labour. Canada and the United States rank 17th and 18th respectively, in their laws addressing child and forced labour, according to Walk Free's ranking of 160 countries and their risk and prevalence of modern slavery.

### **Risks in our Supply Chains**

Samuel is predominantly a metals distributor and metals-based manufacturing company. Our sources for raw material are global and geographically diverse. We acknowledge that our supply chain, specifically raw material, is susceptible to exposure to human rights violations such as forced labour and child labour, which can include arbitrary placement in re-education camps, restriction of movement and excessive working hours.

However, as noted earlier, the majority of our suppliers, approximately 80%, are based in North America. From a geographical risk perspective, the suppliers subject to this report operate in Canada and the United States only, which have a low prevalence of child and forced labour and a minimal risk of vulnerability to child and forced labour.

Based on our assessment of our operations and supply chains, as well as our whistleblower reporting mechanisms, in 2023, we did not identify any instances of child or forced labour. Accordingly, no steps were required to remediate child or forced labour.

### **Mitigation of Risks**

Samuel is committed to preventing and reducing the risk of child and forced labour. Our [Code of Conduct](#) and our [Supplier Code of Conduct](#) emphasize our zero tolerance of forced and child labour in all of its forms. Our [Code of Conduct](#), which is available in three languages, not only reflects our policies on forced labour and human trafficking, but also addresses our policies on wages, work hours, and nondiscrimination.

Samuel's due diligence process and continuous monitoring of our suppliers, including a mapping system, help minimize the risk that we engage with suppliers who use Child or Forced Labour.

Samuel's [Code of Conduct](#), [Supplier Code of Conduct](#), monitoring system, procurement policies and procedures work in concert to identify and prohibit the use of forced labour and/or child labour within our organization and within our supply chains. Our strategic approach to risk assessment

helps us to oversee our third-party relationships during the full lifecycle of a contract so that we may timely address forced labour and child labour issues.

We believe the measures undertaken by Samuel are sufficient to address the risk of child and forced labour in our supply chain, as set out in this Report.

### **Training**

All Samuel employees are required to comply with our [Code of Conduct](#) and internal employment policies, which address the prohibition of child and forced labour. Employees are required to complete training modules in the [Code of Conduct](#) on an annual basis.

Furthermore, Samuel provides mandatory training in forced labour and child labour for all employees responsible for contracting and procurement activities. Our curriculum encompasses a wide range of topics, including the history of forced labour and child labour; countries most impacted; forced labour statistics and the legislative efforts to address the issue. The subject matter touches on trade agreements and the kinds of actions corporations can take to help eradicate forced labour and child labour. The training encourages employees to identify and immediately report any activities that could be indicative of forced labour or child labour violations. Our training materials are reviewed on an ongoing basis to ensure that the content is effective and relevant in helping to prevent forced labour and child labour in all of its forms.





### Approval & Attestation

This Report was approved by the Board of Directors for Samuel, Son & Co., Limited, pursuant to section 11(4)(b)(ii) of the Act.

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 for the entity listed above. Based on my knowledge, and having exercised reasonable diligence, I attest, on behalf of the Board and Samuel 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.

A handwritten signature in black ink, appearing to read "Colin Osborne", with a long horizontal flourish extending to the right.

Colin Osborne  
Chief Executive Officer

I have the authority to bind Samuel, Son & Co., Limited.

May 30, 2024