

2025 Forced and Child Labour Report

INTRODUCTION

This Report is produced by Walter Surface Technologies Inc. (“**WALTER**” or the “**Corporation**” or “**our**” or “**we**”) for the financial year ending December 31, 2025 (the “**Reporting Period**”) and sets out the steps taken to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere or of goods imported into Canada by the Corporation. This Report constitutes the third report prepared by the Corporation pursuant to Canada’s Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “**Act**”). This Report is a joint report for the following entities: Allegro, Minnesota Twist Drill, Drillco, Magnum Carbide, PushCorp Inc., Greenfield Industries, and Hermes North America.

We acknowledge our responsibility to combat forced and child labour and are committed to acting ethically and with integrity and transparency. We continuously work to put systems and controls in place to safeguard against any form of forced or child labour taking place within the business or our supply chain.

1. The steps the entity has taken during its previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity.

WALTER took the following steps during the Reporting Period to prevent and reduce the risk of forced labour or child labour in our business and supply chains:

- Annually review and update our Code of Business Conduct and Ethics policy, Anti-Corruption & Anti-Bribery policy, Whistleblower policy, and Health & Safety onboarding training, with employee sign-off for compliance.
- 65% of our suppliers are from low-risk jurisdictions and geographies from a forced labour and child labour perspective.
- The remaining 35% of suppliers reported that they have standards, and written policies in place that prohibit forced and child labour in any form within their organization and supply chain.

2. The entity's structure, activities, and supply chains.

OVERVIEW OF WALTER

Walter Surface Technologies Inc. is a leading provider of innovative solutions for the metalworking industry, specializing in hole making, cutting, grinding, and finishing applications. The company offers a comprehensive range of products and services designed to enhance productivity, efficiency, and safety in metalworking operations. WALTER operates by delivering high-quality abrasives, power tools, chemical solutions, and related equipment tailored to meet the needs of its customers across various industries, including manufacturing, construction, automotive, aerospace, and more.

ONCAP, in partnership with the existing management team, acquired a majority stake in Walter Surface Technologies Inc. As of December 31, 2025, WALTER had 173 employees in Canada and 826 employees outside of Canada. Our headquarters is located in Montreal, Canada, with additional offices in the USA, Mexico, and Brazil. In addition, Walter Surface Technologies has partner organizations with Allegro, Minnesota Twist Drill, Drillco, Magnum Carbide, PushCorp Inc., Greenfield Industries, and Hermes North America. The listed entities are all located in the United States, more specifically, in the following regions: Piedmont, Chisholm, Baton Rouge, Waynesboro, Garland, Seneca, and Virginia Beach. These entities are manufacturers, suppliers, and distributors of safety equipment, metal cutting tools, twist drills, and industrial equipment.

Most of the Corporation's marketing is conducted through its head office in Greater Montreal, Québec. Sales of the Corporation's products are made through its various offices and subsidiaries. Repair services are also available through authorized Service Centres located in the United States and Canada.

OUR SUPPLY CHAIN

WALTER's global supply chain encompasses both product suppliers—providing specialized abrasives, cleaning solutions, power tools, personal protective equipment, tooling, welding equipment, on-site safety equipment, and lubricants—and vendors of non-product goods and services. Raw materials, components, and items required for manufacturing and assembly are procured globally and vary by product line. The majority of these components are secured through suppliers with whom WALTER maintains established price and volume agreements, alongside long-term contracts.

A significant portion of these products is shipped to Canada or the United States for final assembly and distribution at corporate facilities. Currently, WALTER conducts business with approximately 250 product suppliers across 18 countries, as well as over 1,000 non-product suppliers within Canada and the U.S.

The Research and Development (R&D) team is responsible for identifying suitable candidates, managing procurement, and overseeing the sourcing of new products or items. Supplier transitions are typically driven by updates to product design, R&D performance optimization initiatives, or cost-reduction projects. When a transition occurs, the R&D team generally conducts on-site supplier visits to ensure strict quality control.

From a risk assessment perspective, established, long-term partnerships inherently carry lower risk due to a comprehensive understanding of the supplier's operations and compliance policies. Nonetheless, new business relationships can achieve an equally mitigated risk profile provided that rigorous due diligence is executed.

3. The entity's policies and due diligence processes in relation to forced labour and child labour.

WALTER is dedicated to integrating human rights principles into its policies, governance structure, and decision-making processes. Policies in place that reinforce this principle are the following:

- Pre-Approval Policy and List of Services for Pre-Approval
- Hiring Policy
- Anti-Bribery and Anti-Corruption Policy
- Code of Business Conduct and Ethics
- Disclosure Policy (Operating Companies)
- Work Health and Safety Policy
- Environmental Policy
- Whistleblower Policy

New suppliers undergo a rigorous vetting process, which includes on-site operational evaluations conducted by the WALTER Research and Development (R&D) team. To ensure ongoing compliance, existing suppliers are subject to regular, systematic re-evaluations. Furthermore, personnel complete mandatory annual training on corporate policies, with a specific focus on the established Code of Conduct and compliance standards.

3.1 Code of Business Conduct and Ethics Policy

All WALTER personnel and business partners are required to adhere to the principles established in the Code of Business Conduct and Ethics Policy. This policy governs global operations, clearly defining the organization's position on labour practices while outlining rigorous standards of integrity and ethical conduct. Furthermore, the policy affirms WALTER's commitment to fair workplace practices and provides a comprehensive framework to guide institutional operations and international business activities.

3.2 Whistleblower Policy

While the Whistleblower Protection Code does not explicitly reference forced labour, its provisions serve as a critical mechanism in combating forced and child labour by empowering individuals to report misconduct without fear of retaliation. Furthermore, the Code fosters an organizational culture of accountability, indirectly mitigating the risk of exploitative practices. The assurance of legal recourse for personnel who witness or are subjected to forced labour serves as a powerful deterrent against non-compliance and unethical employment practices.

3.3 Due Diligence Process

These policies and procedures are designed to clarify the legal and ethical obligations of all applicable personnel, actively promoting accountability and the avoidance of conflicts of interest. To ensure adherence, Walter management has implemented robust monitoring systems and processes. These initiatives facilitate the widespread dissemination of the Code of Conduct, encourage strict compliance, and provide clear mechanisms for reporting actual or suspected breaches. All reported infractions are investigated thoroughly by management. Depending on the severity and context of the breach, matters are either resolved internally—with outcomes reported to the Board of Directors—or escalated directly to the Board for further action.

4. The parts of the entity's business and supply chains that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk.

To identify potential vulnerabilities within the Corporation's operations and supply chains regarding forced or child labour, WALTER undertook a comprehensive risk assessment. This process involved mapping the end-to-end supply chain, from the procurement of raw materials to final product delivery. WALTER remains committed to maintaining strict supplier guidelines, conducting regular audits, fostering transparency through strategic partnerships, and implementing robust grievance mechanisms for workers.

Utilizing a risk-based approach, the Corporation identified specific operational and supply chain elements that may carry elevated risks of modern slavery. A thematic, macro-level analysis of the supply chain structure revealed that a relatively small percentage of suppliers operate within high-risk geographies.

WALTER's risk identification methodology integrates geographic risk indicators with the specific nature of the products or services provided. Specifically, risk levels are evaluated based on the following criteria:

1. **Geographic Location:** Whether the supplier is headquartered, or maintains manufacturing facilities, in jurisdictions designated as high-risk by the Global Slavery Index.
2. **Product Origin:** Whether the products or services originate from, or are routed through, the high-risk jurisdictions.
3. **Material Composition:** Whether the commodities supplied to WALTER include unrefined raw materials.

A lack of direct visibility into the independent risk-management protocols and mitigation strategies of certain suppliers represents an operational vulnerability. To mitigate this risk and promote ethical labour standards throughout the supply chain, WALTER distributed a *Supplier Inquiry Questionnaire* to all vendors operating in high-risk geographies.

The assessment data indicated that the majority of respondents maintain formalized, written policies that strictly prohibit forced and child labour. Furthermore, the disclosures revealed that these suppliers actively monitor compliance through facility inspections or regular audits. Through these measures, suppliers demonstrated a measurable commitment to transparency and the eradication of forced and child labour. WALTER remains dedicated to mitigating exploitation risks and upholding international human rights standards across all operations.

5. Any measures taken to remediate any forced labour or child labour.

During the Reporting Period, WALTER did not identify any specific instances of forced labour or child labour in its business or supply chains. Accordingly, no remediation activities or measures were required or undertaken. WALTER remains committed to taking prompt and appropriate remedial action should any such instances be identified in the future.

6. Any measures taken to remediate the loss of income to the most vulnerable families results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains.

WALTER has not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in its activities and supply chains. Accordingly, no remediation measures of this nature have been required during the Reporting Period.

Should such a situation arise, WALTER would assess appropriate remediation in line with its commitment to respecting human rights. Remediation measures may include, but are not limited to, financial support or transitional assistance to affected families, engagement with local community organizations, and cooperation with relevant authorities. Where warranted, WALTER also reserves the right to take further corrective action, including termination of employment or contractual relationships and notification of law enforcement agencies.

7. The training provided to employees on forced labour and child labour.

WALTER ensures that its employees undergo routine training sessions covering ethical subjects and company policies. All new office employees are assigned a mandatory onboarding training package, which includes training in our Code of Business Conduct and Ethics, Anti-Corruption and Anti-Bribery Policy, Whistleblower Policy, and Health & Safety onboarding training. Every year, during the month of October, all employees are required to confirm their compliance with the policies mentioned above and complete a yearly Health & Safety refresher training.

8. How the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains.

WALTER assesses its effectiveness in preventing and reducing the risk of forced labour and child labour primarily through its internal compliance and governance processes. These include monitoring employee completion of annual policy compliance confirmations, tracking onboarding training completion for new employees, and conducting periodic evaluations of supplier relationships as part of its broader procurement and risk management activities.

WALTER reviews the progress and effectiveness of its forced and child labour programs on an annual basis. As part of this ongoing commitment, WALTER intends to further develop and formalize its effectiveness metrics and review mechanisms in the coming reporting periods to strengthen its ability to assess and respond to forced and child labour risks across its business and supply chains.

9. Report Sign Off Process

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 or 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 above.

Full name:

Title:

Date: **May 25, 2026**

Signature:



MARC-ANDRÉ AUBÉ

“I have the authority to bind Walter Surface Technologies Inc.”