



A WORTHINGTON STEEL COMPANY

CORPORATE HEADQUARTERS
5500 NORTH WOLCOTT AVENUE
CHICAGO, ILLINOIS 60640-1020
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**Report submitted on behalf of Tempel Canada Co. under the Fighting Against Forced
Labour and Child Labour in Supply Chains Act
DATE SUBMITTED**

Reporting Entity’s Legal Name: Tempel Canada Company (a manufacturer)
Business Number: 893315838
Location: Ontario, Canada
Reporting Year: June 1, 2023 through May 31, 2024

This report is submitted on behalf of Tempel Canada Co. (referred to as the “Entity” or “Tempel CA”), located in Burlington Ontario. Tempel CA is a leading supplier of transformer core products for power conversion and distribution to the Central, Midwest, and Eastern U.S. and Canada. It manufactures a wide range of quality products, including small, stamped transformer lamination components, cut-to-length transformer laminations, distributed gapped cores, slit steel, mitered core logs, and fully assembled mitered cores. <https://www.tempel.com/en/locations/canada>

Tempel CA is not listed on a stock exchange in Canada. It does, however, have a place of business in Canada, and does business and has assets in Canada. It is principally located in Burlington, Ontario CA. It meets the size threshold of the Act by having at least \$20 million in assets for at least one of its two most recent financial years. It also has generated at least \$40 million in revenue for at least one of its two most recent financial years.

SUMMARY

Founded in the U.S. in 1945, Tempel is a leading global manufacturer of precision magnetic steel laminations for motors, generators, and transformers used in several industries such as eMobility, energy, industrial motors, and beyond. Over the years, Tempel has grown from a small family business in the U.S. Midwest (Chicago) to a global leader in the electrical steel industry. Today, it also has operations in Canada, Mexico, China, India and Germany. <https://www.tempel.com/en/about>. In December 2021, Worthington Industries completed its acquisition of Tempel.

It has always been Tempel’s policy to comply with all pertinent laws and to conduct itself with the highest ethical standards. In April 2023 in response to the Uyghur Forced



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Labor Practices Act (UFLPA) and Countering America’s Adversaries through Sanctions Act, and more generally, in response to the U.S. law, 19 U.S.C. § 1307, prohibiting the importation of goods made with forced labour,¹ Tempel Steel, Co., LLC (“Tempel corporate”) embarked upon a due diligence exercise on behalf of the entities it directly or indirectly wholly owns or controls to ensure that its supply chains are free from all forms of forced labour. Tempel Canada is one of those entities. At that time, Tempel corporate set up a team consisting of individuals from the General Counsel’s Office, Purchasing, Operations, Supply Chain, Logistics and outside counsel to address these issues and commenced bi-weekly meetings to keep up-to-date on developments and to continue its due diligence work.

The team undertook a process to create a corporate statement and policies and procedures to specifically address the issue of forced labour in supply chains. The corporate statement explicitly prohibits “the use of forced labour of any kind.” It made clear that preventing forced labour in the company’s supply chains is of utmost importance to the company and that it would continue to exercise vigilance over its supply chains to ensure that its products are only produced by suppliers committed to internationally recognized norms and standards and in full compliance with applicable laws and regulations.

Tempel’s policies and procedures address many of the activities identified by the Government of Canada as steps to 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 Tempel CA. Among other things, its policies and procedures provide a system for reporting suspicions of forced labour in the supply chain and provides consequences for suppliers that do not adhere to Tempel’s policies. It acknowledges that tracing or mapping is fundamental to its efforts to ensure compliance. Its work is ongoing and its efforts to map or trace its supply chains continue. Testing in the form of internal assessments will be incorporated into the company’s practices. It will also be conducting training for its operations in its various locations around the world. As part of its Policies and Procedures it has created a list of best practices that it aims to follow to

¹ 19 U.S.C. § 1307 includes indentured child labour in its definition of forced labour. Thus, the Entity’s statements regarding forced labour covers child labour.



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ensure that its supply chains are free of forced labour. The company is in the process of formally adopting these documents. Moreover, as a Worthington company Tempel adheres to Worthington's Supplier Code of Conduct which specifically provides a prohibition against suppliers using child or forced labor.

https://www.worthingtonenterprises.com/docs/default-source/default-document-library/misc.-support-docs/supplier-code-of-conduct.pdf?sfvrsn=e9e0dd73_1

The Tempel team regularly checks and monitors the ULFPA Entity List. The company has also sent questionnaires to its major suppliers in China, where it had the biggest risk exposure. Tempel's questionnaires specifically addressed whether raw materials have been sourced from the Uyghur region, which has been identified as having a higher probability of forced labour. Tempel began to receive responses from Chinese suppliers in the summer of 2023. While the suppliers assured Tempel that the material used for products shipped to Tempel had no connection to the Uyghur region and was free from forced labour, Tempel nonetheless sent the suppliers follow-up questions to obtain more specific answers. One supplier described its system that could trace back to raw material. Others provided more generalized assurances.

The company has also developed language in its contracting documents, i.e., the terms and conditions provided with its purchase orders, assuring Tempel that the goods are free from forced labour in the supply chain for the goods being purchased.²

Tempel is about to embark on a program of training for its employees in Asia, North America, Europe and India.

DISCUSSION

1. Steps the Entity has taken during previous financial year to prevent and reduce the risk that forced labour or child labour

As indicated above, Tempel has undertaken many steps to prevent and reduce the risk associated with forced labour in its supply chains, including, drafting a corporate statement to specifically address the issue; developing policies and procedures; sending

² The Terms & Conditions which are included with our Purchase Orders are provided as Attachment A.



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questionnaires and follow-up questions to major Chinese suppliers where the risk is greatest; revising its purchase order terms and conditions to express an intolerance for forced labour in its supply chains, testing, training, among other things.

2. The Entity's Structure, Activities and Supply Chains

Tempel CA is a wholly-owned subsidiary of Tempel Steel, Co., LLC, which is a wholly-owned subsidiary of Worthington Steel, Inc.

Over the years, Tempel Steel Co., LLC has grown from a small family business in the U.S. Midwest (Chicago) to a global leader in the electrical steel industry. Today, it has additional operations in Canada (Tempel Canada Co.), Mexico, China, India and Germany. <https://www.tempel.com/en/about>. In December 2021, Worthington Industries completed its acquisition of Tempel.

Tempel CA is a leading supplier of transformer core products for power conversion and distribution to the Central, Midwest, and Eastern U.S as well as the Canadian Market. It manufactures a wide range of quality transformer products, including small, stamped transformer lamination components, cut-to-length transformer laminations, distributed gapped cores, mitered core logs, and fully assembled mitered cores. <https://www.tempel.com/en/locations/canada>

Tempel Steel Co, LLC is a leading global manufacturer of precision magnetic steel laminations for motors, generators, and transformers used in several industries such as eMobility, energy, industrial motors, and beyond.

Worthington Steel is North America's premier value-added steel processor and producer of market leading consumer and building products. <https://www.worthingtonsteel.com/>

Tempel Canada sources steel globally for its production in Canada. Its Canadian manufactured products are sold to the Central, Midwest and Eastern U.S. as well as the Canadian Market.

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



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Tempel has drafted Policies and Procedures, which have not yet been formally adopted, and undertaken due diligence processes herein to prevent forced labour in its supply chains.

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 the Entity has taken to assess and manage that risk

Tempel has identified raw materials that could be sourced in the Xinjiang or Uyghur region of China as a possible risk. To address this risk, Tempel has queried its major Chinese suppliers to ensure that no material is sourced in the region and that its supply chains are free from forced labour.

5. Measures taken to remediate any forced labour or child labour

Tempel’s efforts have not uncovered any forced labour or child labour in its supply chain. In the event that it does discover a problem, its procedures specify that it will address the issue with its supplier and may even terminate the relationship.

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

Not applicable since no forced labour in its supply chains has been uncovered.

7. Training provided to employees on forced labour and child labour

Tempel expects to commence its training for its global operations within calendar year 2024. Specific training will be designed for each region Tempel has operations.

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



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Tempel has incorporated into its contractual documents, specifically the terms & conditions provided with its purchase orders, language that requires the supplier to affirm that their supply chains are free from forced labour.

It regularly monitors the UFLPA Entity List. It also monitors supplier relationships and labour conditions in supply chains, utilizing third party audits, risk assessments and supply chain transparency tools, where deemed necessary.

Realizing that its policies and procedures must be checked periodically, it will conduct periodic internal assessments.

Conclusion:

Tempel has worked diligently over the past year for improved oversight of its direct and indirect supply chain partners and their extended supply chains. The company is committed to continue its vigilance to ensure that its products are manufactured by suppliers committed to internationally recognized norms and standards and in full compliance with applicable laws and regulations.

Attestation

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 Tempel Canada Co. 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.

I have the authority to bind Tempel Canada Co.

May 28, 2024

Joseph Heuer, General Counsel

Date

1. **ENTIRE AGREEMENT/ACCEPTANCE.** Except as may otherwise be specifically provided in writing signed by Buyer, the details of this order as written on the face hereof and these conditions shall constitute the entire agreement between Buyer and Seller and any terms or conditions contained in Seller's acknowledgment or acceptance shall not be binding upon

Buyer. This order is not subject to cancellation or change except in writing signed by Buyer.

These terms and conditions will apply to all purchases made by Buyer, regardless of any course of dealing or industry practice to the contrary. Seller's written acknowledgment, commencement of work or delivery of any goods or services shall constitute acceptance of these terms and conditions.

2. **PRICES.** Buyer shall be obligated to pay only the prices and other charges (including all taxes which Seller is to collect from Buyer) stated in this order, or the Seller's current price to any other customer of Seller for similar goods or services, whichever is lower at the date of shipment. When prices are not stated, the prices charged shall not exceed those charged on the last invoice to Buyer of the same goods or services or Seller's current price for such goods or services if lower than that charged on such last invoice. All trade credits, expert credits, customers, drawbacks and rebates belong to Buyer. Sales or Use taxes as used on the face of this order shall mean any taxes imposed by State or local taxing authorities upon the sale, use or consumption of the goods or services ordered herein.

3. **PRICE DISPUTE.** Buyer may withhold or offset from any payment due to Seller any amount as to which a bona fide dispute exists under this order or arising out of any other transaction with Seller. Cash discount period will be computed either from the date of delivery and acceptance of the goods ordered or the date of receipt of correct and proper invoices, prepared in accordance with the terms of buyer's order whichever is later.

4. **SHIPPING.** Seller to pack and ship in accordance with Buyer's instructions or in accordance with the best commercial packaging available. Seller will bear all costs of delivery, including shipping and insurance charges, duties, taxes and other charges. Seller to furnish all shipping documents, mark Buyer's order number, name, part number and quantity shipped on all packages and documents. Seller warrants it will classify, describe, package, mark, label, provide material safety data sheets, and otherwise pack and ship in compliance with all laws, regulations, ordinances and orders. No charge will be allowed for packing, boxing or cartage, unless agreed upon at the time of purchase, but damage to any goods not packed to insure proper protection, will be charged to Seller. Buyer reserves the right to accept or reject any and all goods delivered and services performed, and if Seller ships or renders non-conforming or damaged goods or services, Buyer has the right to cancel this order and hold Seller liable for any and all resulting damages.

5. **CHANGE IN PURCHASE ORDER.** Time is of the essence and delivery must actually be effected within the time stated on this order. Buyer may change or cancel this order at any time by written notice to Seller. Seller may send written notice to Buyer if such change will materially affect Seller's delivery schedule or costs. Upon receipt of Seller's written notice, Buyer may elect to adjust the price for Seller's documented costs, or cancel this order with no further obligation. If any goods are delivered in excess of volumes ordered, or in advance of schedule, Buyer may return at Seller's expense or retain goods and invoice Seller for any resulting handling and storage costs. In the event of any failure of or delay in delivery, other than as set forth in Section 15 hereof, Buyer has the right, in addition to any other rights provided by law, to place this order elsewhere at Seller's expense and to hold Seller liable for any costs or losses incurred, as well as for any other damages. Unless otherwise expressly provided, the Seller shall be obligated to make delivery to Buyer's presses as designated herein and all prices stated herein shall be for such delivery free from all freight, transportation, drayage, boxing and similar charges.

6. **INSPECTION.** Seller agrees that Buyer and Buyer's customers shall have the right to enter Seller's facility at reasonable times at no charge to Buyer to inspect the facility, goods, materials and any property of Buyer covered by this order. Buyer's inspection of the goods, whether during manufacture, prior to delivery or within a reasonable time after deliver, shall not constitute acceptance of any work-in-process or finished goods and will not relieve Seller of any responsibility or obligation.

7. **TOOLING.** All dies, jigs, fixtures, drawings, molds, patterns, templates, gages, sketches and the like for use in connection with providing goods and/or services under this order are "Tooling." In the event Buyer pays, in whole or in part, for any Tooling, or Buyer provides Tooling to Seller, such Tooling and any corresponding intellectual property rights, shall be owned exclusively by Buyer, whether or not Seller contributed to the Tooling. While the tooling is in the possession or custody of the Seller, Seller shall be responsible for the risk of loss, repair or replacement, keeping the tooling in good working condition and for any taxes, assessments or similar charges levied with respect to or on it. Seller will use the Tooling exclusively for the Buyer. Upon expiration, cancellation or termination of this order, should Buyer so request, Seller will deliver Tooling to Buyer at Seller's expense.

8. **RISK OF LOSS.** Whenever Seller shall have in its possession property of Buyer, or of its customer(s), Seller shall bear all cost and risk of loss, including damage in transit, and shall be deemed an insurer thereof. Seller shall carry insurance to adequately protect the Buyer, and shall provide Buyer with a certificate evidencing such insurance.

9. **SELLER'S WARRANTIES.** (a) Seller expressly warrants that goods and services covered by this order will conform to the specifications, drawings, samples or other description furnished by Buyer, will be merchantable of good material and workmanship, free from defect, fit and sufficient for Buyer's intended use and of good title delivered free of any lien or encumbrance. Buyer reserves the right to accept or reject any and all goods delivered and services performed in breach of any such warranties and to hold Seller liable for any and all damages resulting from such breach; (b) Except with respect to goods produced exactly from Buyer's designs, Seller warrants that the goods described herein, and the sale or use of them will not infringe or contribute to the infringement of any United States or Foreign intellectual property right, including any patent, trademark, copyright or other proprietary right, and the Seller agrees to defend, protect and save harmless Buyer, its successors, assigns, customers and users of its products against all suits at law or in equity and from all damages, claims and demands for actual or alleged infringement of any intellectual property right by reason of the use of the goods hereby ordered; (c) Whether this order refers to goods or to services, Seller warrants past and future compliance with all applicable laws, codes, regulations, rules and orders in performance of its obligations, including without limitation, any services purchased or equipment used by Seller. Seller agrees to indemnify Buyer and save Buyer harmless if Seller fails to comply with the foregoing, and in the event of such failure Buyer may, in addition, cancel this order; and (d) All warranties of the Seller shall survive delivery and shall not be deemed waived either by reason of inspection and/or acceptance of said goods or services or by the payment therefor by Buyer.

10. **CANCELLATION.** Buyer has the right to cancel this order or agreement upon giving Seller written notice. On cancellation, Buyer will be liable to Seller only for unpaid invoices for conforming goods previously shipped and for Seller's documented costs of raw materials for work-in-progress goods which cannot be sold in the general trade, not to exceed the volume specified in the order and payable only after Buyer's receipt of the same. Buyer may cancel this order or agreement immediately upon written notice to Seller, without liability or

further obligation (i) if Seller fails or refuses to furnish Buyer promptly with such assurances and information as Buyer may request, from time to time, about Seller's financial and operating conditions and ability to supply goods under this order, and (ii) in the event of Seller's insolvency, the filing of a voluntary or involuntary petition in bankruptcy, the appointment of a receiver or trustee for Seller, Seller's execution of an assignment for the benefit of creditors or any comparable event. If Buyer elects to cancel this order, Buyer shall have the option to take any goods or services included in this order, whether furnished or in process, upon such terms as Buyer and Seller may then agree upon.

11. **INSURANCE.** In addition to the requirements as set forth in Section 8, Seller will maintain insurance coverage, at its own expense and in amounts and with insurers satisfactory to Buyer, for workers' compensation, products liability, public liability (including contractual and product liability) and automobile liability. On request, Seller will furnish Buyer with certificates of insurance that evidence this coverage, name Buyer as an additional insured, and require written notice to Buyer fifteen (15) days prior to the cancellation or reduction of coverage. At Buyer's option, Seller may furnish evidence of self-insurance. Compliance with this Section 11 will not relieve Seller of its defense and indemnification obligations.

12. **INDEMNIFICATION.** Notwithstanding any requirement of Buyer that Seller shall procure certain insurance coverage for the protection of the Buyer, Seller agrees to indemnify and save harmless Buyer against and from any and all claims by or on behalf of any persons, firms or corporations, arising from the conduct or management of, or from any work or thing whatsoever done under this order and will further indemnify and save Buyer harmless against and from any and all claims arising from any breach or default on the part of the Seller in the performance of any covenant or agreement, on the part of the Seller to be performed pursuant to the terms of this order, arising from any act or omission of the Seller, or any of its agents, contractors, servants, employees or licensees, or arising from any accident, injury or damage whatsoever caused to any person, firm or corporation, and from and against all costs, counsel fees, expenses and liabilities incurred in or about any such claim or action or proceeding brought thereon; and in case any action or proceeding be brought against the Buyer by reason of any such claim, the Seller, upon notice from the Buyer, covenants to resist or defend such action or proceeding by counsel reasonably satisfactory to the Buyer.

13. **DISCLAIMER OF LIABILITY.** SELLER'S EXCLUSIVE REMEDY AGAINST BUYER, FOR ANY REASON, SHALL BE LIMITED TO BUYER'S PURCHASE PRICE AS SET FORTH IN THIS ORDER. IN NO EVENT SHALL BUYER HAVE ANY LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES.

14. **CONFIDENTIALITY.** Except as necessary to perform this order, as required by law and with prior written notice to Buyer, or with Buyer's prior written consent, Seller will, at all times, keep confidential all information, drawings, specifications and data of any kind or nature furnished by Buyer (whether in writing, electronically, orally, or visually) or derived or developed by Seller there from in the course of performing this order. Seller will not divulge such confidential information, use it for its own benefit or for the benefit of any other party, or copy it or permit copies to be made. These confidentiality obligations will not apply to information obtained by Seller from a third party lawfully entitled to disclose it who is not bound by confidentiality, or to information that enters into the public domain other than through disclosure by Seller. Seller will not publish or advertise the existence or nature of this order without Buyer's prior written consent.

15. **FORCE MAJEURE.** Seller shall not be held responsible for failure of or delay in delivery of, nor Buyer for failure or delay in accepting, goods or services hereunder if such failure or delay is due to act of God or the public enemy, war, governmental acts or regulations, fire, flood, embargo, quarantine, epidemic, strike, accident, unusually severe weather or other cause, either similar or dissimilar to the foregoing, beyond their control. In the event of failure or delay, in delivery, or in acceptance of the goods sold or performance of services hereunder for any such cause the quantity of goods and period of services provided for in the order may be reduced accordingly by written notice of either party to the other.

16. **ASSIGNMENT.** This order may not be assigned by the Seller without written consent of the Buyer. Any attempt to do so shall make such assignment void.

17. **CHOICE OF LAW.** This order will be interpreted and enforced under the laws of the State of Illinois (including, without limitation, the provisions of the Uniform Commercial Code as adopted by Illinois), without recourse to the conflict of laws provisions hereof. In no event will the provisions of the U.N. Convention on the International Sale of Goods apply to this order. The parties agree that any action or proceeding arising out of or in connection with this order will be brought exclusively in a state or federal court in the State of Illinois, and that said courts have jurisdiction over the parties with respect to any action arising out of this order.

18. **COMPLIANCE WITH LAW AND FCPA.** Each party to this Agreement hereby agrees that it shall not, in the performance of this Agreement or any act materially related thereto, whether directly or indirectly, commit or attempt to commit any act which is in violation of any applicable law, including, without limitation, the United States Foreign Corrupt Practices Act ("FCPA"). All parties confirm that they are committed to strict compliance with anti-corruption laws, including without limitation, the FCPA, as applicable to it. All parties hereby agree that they shall not: (a) make a payment of money or money's worth (such as a gift or a favor) or make an offer in this regard; (b) promise to pay or authorize the payment of any money or money's worth, to any government official or political party, or to any person while knowing that the same may have the effect of influencing decisions favorable to itself. It is expressly clarified that the parties do not approve of such practices and that any indulgence by one party in such malpractices will not be considered approved by any other party under any circumstance. Each party, upon reasonable cause to believe that another party has failed to comply with this provision, shall be entitled to audit the relevant records of the suspected party and the suspected party shall be obligated to offer reasonable cooperation. Any breach of this clause by any party shall be considered a material breach of this Agreement and, at the option of any non-breaching party, result in immediate termination of this Agreement.

19. **Forced Labor in Global Supply Chains.** Each party to this Agreement agrees that it will comply with all applicable laws addressing modern slavery in supply chains, including but not limited to the Tariff Act of 1930, 19 U.S.C. §1307, and in particular the Uyghur Forced Labor Practices Act and Countering America's Adversaries through Sanctions Act. Each party shall represent that it is not, in the performance of this Agreement, utilizing forced labor in its supply chains and shall undertake measures, including due diligence, to prevent the introduction of forced labor into its supply chain. **Each party, upon reasonable cause to believe that another party has failed to comply with this provision, shall be entitled to audit the relevant records of the suspected party and the suspected party shall be obligated to offer reasonable cooperation. Any breach of this clause by any party shall be considered a material breach of this Agreement and, at the option of any non-breaching party, result in immediate termination of this Agreement.**