



# ARTROM STEEL TUBES S.A.

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EUID: ROONRC.J28/9/1991; J28/9/31.01.1991 VAT No. RO 1510210/1992  
Subscribed and Paid Share Capital: 291.587.538,34 lei

## ARTROM STEEL TUBES S.A.

### Annual Report on Measures to Combat Forced Labor and Child Labor in Supply Chains

This Report (the “**Report**”) is made in compliance with Canada’s Fighting Against Forced Labor and Child Labor in Supply Chains Act (the “**Act**”) by **ARTROM STEEL TUBES S.A.**, a joint-stock company duly organized and incorporated under the laws of Romania, headquartered at 30 Draganesti Street, Slatina, Olt County, Romania, registered with the Romanian Trade Registry under no. J28/9/1991, EUID: ROONRC.J28/9/1991, sole registration code 1510210 (the “**Company**” or “**Artrom Steel Tubes**”).

This Report has been prepared for the following reporting period: January 1, 2023 – December 31, 2023.

Artrom Steel Tubes’ Management Board, as the governing body, approved the report on May 29, 2024.

## I. INTRODUCTION

**Company Overview:** Artrom Steel Tubes is Europe’s leading manufacturer and supplier of a wide range of seamless pipes for various industry, including oil and gas, automotive, mechanical engineering and construction tubular products, with a solid business model serving customers worldwide and with over 40 years of experience in tube manufacturing.

To reach a sustainable long-term value, we want to establish and develop close and long-term relationships with our suppliers, who have to share the same aspirations for innovation, high quality, sustainable products and processes.

We want to be recognized as an enterprise that creates value both for our business partners and for ourselves, taking fully into account the importance of fulfilling our strict environmental, social, human and economic requirements in order to achieve a strong, sustainable and long-lasting competitive edge.

**Purpose of Report:** This Report outlines Artrom Steel Tubes’ commitment to identify, prevent, reduce and address forced labor and child labor risks both at the Company’s level as well as throughout the Company’s entire supply chain in compliance with the Act and all other applicable national and international rules and regulations.

## II. ENTITY STRUCTURE, ACTIVITIES AND SUPPLY CHAIN

**Company Structure:** Artrom Steel Tubes is a company located in Romania, Olt County, Slatina, 30 Draganesti Street.

Artrom Steel Tubes operates in Romania as a modern integrated industrial platform consisting of two production plants, as follows:

- Plant no. 1, the “**Seamless Steel Pipe Production Plant**”, located in Slatina, Olt County, specialized in the production of seamless hot rolled pipes and seamless cold drawn pipes, with an annual production capacity of 200,000 tones/year in all production sections (ASEL hot-pipe production, CPE hot-pipe production, COLD – cold pipe production, ACH – tubular components for the automotive industry and skived and rolled burnished pipes for hydraulic cylinders) and HTP –

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LRQA:  
ISO 9001  
ISO 14001  
ISO 45001

LRQA:  
IATF 16949

TUV:  
PED/AD-2000 W0/W4  
Vd TUV

TUV CPR:  
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production facility where heat treatments are performed. Plant no. 1 was commissioned back in 1982 and production began 6 years later; and

- Plant no. 2, the “**Steel Billet Production Plant**”, located in Resita, Caras-Severin County, specialized in the production of round steel billets suitable for steel pipes, as well as blooms obtained by continuous casting, with an annual production capacity of approx. 450,000 tons of liquid steel/year. Plant no. 2 has more than 260 years of history and experience in the production of steel and rolled products.

Today, Artrom Steel Tubes retains an important share of the European market for industrial seamless tubes and pipes represented by mechanical and engineering tubes, hydraulic cylinder tubes, automotive and energy pipes.

Main products of Artrom Steel Tubes are: mechanical tubes, tubes for boilers and high temperature, gas and water seamless, line pipes, pipes for coupling stock, seamless precision steel tubes, tubes for telescopic cylinders, pipes for hydraulic cylinders, continuous cast billets and bloom. More than 80% of the Company’s products are sold outside Romania, mainly within EU countries, USA and Canada.

As of today, Artrom Steel Tubes is present in more than 45 countries with over 650 clients, out of which almost 500 are permanently active clients.

Artrom Steel Tubes also carries out commercial activities through the following sale offices and distribution units, as follows:

- Artrom Steel Tubes – with direct sales and authorized distributors to East European and Turkish customers.
- Artrom Deutschland GmbH – sale agent located in Düsseldorf, Germany – responsible for the sale and promotion of Artrom Steel Tubes pipe products to European customers from central and northern area of Europe.
- Artrom Italia S.R.L. – sale agent located in Lecco, Italy – responsible for the sale and promotion of Artrom Steel Tubes pipe products to European customers from the southern and western Europe, and Nord Africa.
- Artrom USA LLC – sale agent located in Houston, USA – responsible for the sale and promotion of Artrom Steel Tubes pipe products to customers in North and South America.

For sake of clarity, Artrom Steel Tubes is the only company from the Artrom Group qualifying as an “entity” in the sense of the Act. As such, the reporting obligation set out in section 11 of the Act solely applies to Artrom Steel Tubes, this Report thus referencing only the information relevant to Artrom Steel Tubes.

***Perimeter of production sites and commercial units:***

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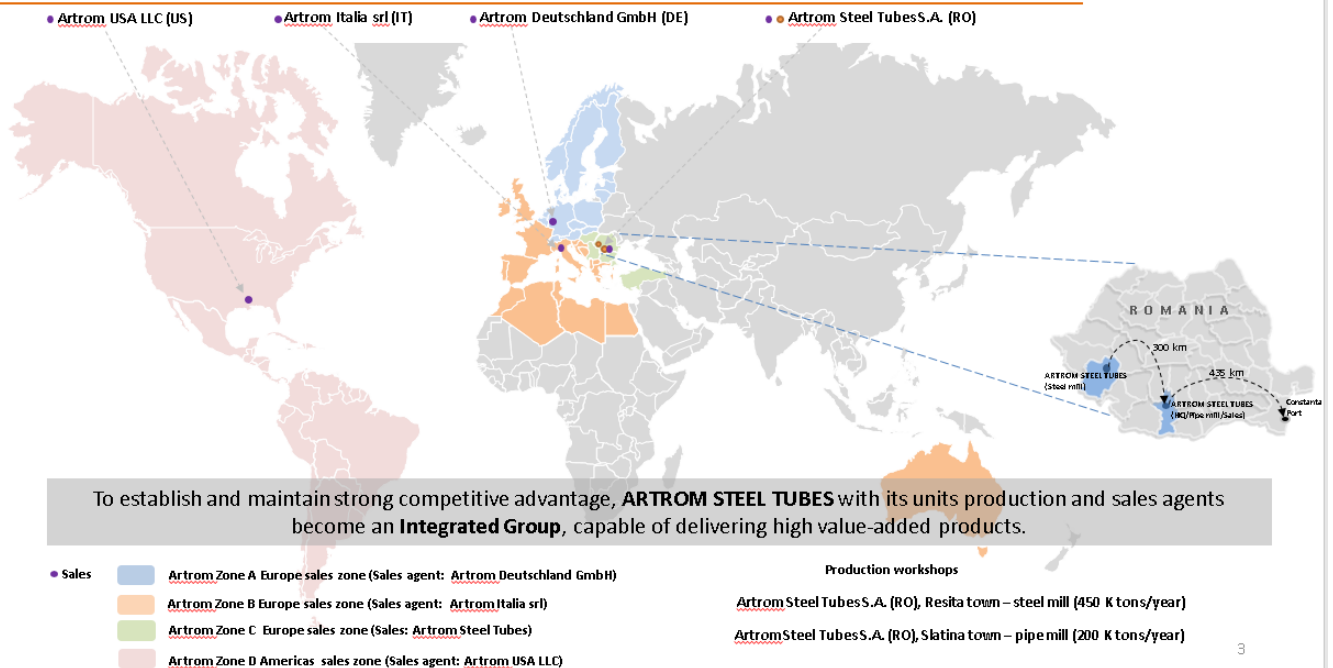
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**Supply Chain:** Our supply chain spans across America, Asia, and Europe, involving over 330 direct suppliers and numerous producers and sub-suppliers. The major suppliers provide raw materials, components, and finished goods necessary for our manufacturing processes.

However, an important advantage in view of the supply chain is the fact that Artrrom Steel Tubes is a vertically integrated group, the main raw material being supplied within the Artrrom group, hence the Company's main concern being obtaining the best quality products for its customers and optimizing the use of all necessary resources.

It is the responsibility of the Artrrom Purchasing Department to comply with a strict supplier verification process (as detailed under point III below) in order to ensure the best supply base for the purpose of achieving:

- the best market value;
- quality;
- timely delivery;
- speed;
- innovation; and
- compliance with international, national and internal regulations and procedures.

### III. POLICIES AND DUE DILIGENCE PROCESSES

Artrrom Steel Tubes has set high standards in the areas of human rights, employees health and safety, environmental management and business integrity, being committed to ensuring full compliance with all applicable legal and regulatory requirements. Artrrom Steel Tubes' motto is "INTEGRITY AND HONESTY IN PERFORMANCE" and any and all of its suppliers are being held to the same standards.

To this end, we put in place and follow the Company's internal policies, including, but not limited to: the Code of Ethics, the Whistleblower System, the Privacy Policy, the ARTROM Group Global Human Rights Policy, Purchasing Sustainability Policy, the General Sustainability Policy, the Policy in the field of Integrated Management System (IMS): Quality, Environment, Occupational Health and Safety.

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While, as of now, Artrom Steel Tubes did not adopt and implement a policy exclusively focused on forced labor and child labor, we standardize our business behavior to the Principles and Values laid down in our Purchasing Sustainability Policy (which expressly references “*compliance with the legislation in force regarding [...] the prohibition of forced labor and the exploitation of minors*”) and we expect and demand that all our Suppliers, as Artrom strategic business development partners, run their own businesses complying with the same Principles and Values reflected in all of Artrom Steel Tubes’ own internal policies and procedures.

#### Related links:

Privacy Policy: <https://www.artrom.com/privacy-policy/>  
 Code of Ethics: <https://www.artrom.com/code-of-ethics/>  
 Whistleblower System: <https://www.artrom.com/whistleblower/>  
 Policy in the field of Integrated Management System: <https://www.artrom.com/social-responsability/>  
 ARTROM Group Global Human Rights Policy: <https://www.artrom.com/social-responsability/>  
 General Sustainability Policy: <https://www.artrom.com/social-responsability/>  
 IMS Policy: <https://www.artrom.com/social-responsability/>

The last versions of the Purchasing Sustainability Policy can be accessed here:



Purchasing  
Sustainability Policy.

Artrom Steel Tubes is also in course of updating and adopting other internal procedures (such as the Procedure regarding the Assessment and Selection of Suppliers) including from the point of view of forced labor and child labor.

#### IV. RISK-PRONE AREAS IN VIEW OF FORCED LABOUR OR CHILD LABOUR IN OUR SUPPLY CHAIN

Due to the nature of its business, Artrom Steel Tubes relies and must rely on a secure network of international suppliers.

To this end, Artrom Steel Tubes acknowledges that certain regions and suppliers based in or acting in such regions pose higher risks in terms of forced labor and child labor due to inexistent or weak enforcement of labor laws as well as socio-economic conditions. We are aware that the metallurgical industry is particularly vulnerable to forced labor and child labor due to the specifics of its supply chains, which may extend into regions with inexistent or weak labor laws and/or adequate oversight.

In addition, in terms of the supply chain visibility, due to the complexity of the relevant supply chains, ensuring high levels of traceability and transparency poses significant challenges for Artrom Steel Tubes – as does indeed for any global company relying on an intricate web of suppliers.

#### V. RISK ASSESSMENT AND RISK MANAGEMENT

##### Risk Assessment:

Annual risk assessments are conducted by the Company in order to identify the high-risk suppliers in accordance with the Company’s above-mentioned internal Procedure regarding the Assessment and Selection of Suppliers (in the process of being updated). The relevant assessment is performed with respect to each supplier based on a supplier assessment questionnaire which also includes questions on the labor

practices of the supplier, each supplier being included in the Company's List of Approved Suppliers solely after the Company determined that it fulfils the criteria detailed in the afore-mentioned procedure.

During 2023, Artrom Steel Tubes maintained the practice of rigorous evaluation of all suppliers, with the aim of eliminating the risk of using minor employees or youth workers. The major focus has been on the requirement to certify suppliers, thus ensuring that they are overseen by the relevant certification organizations. These criteria are imperative in the process of forming partnerships or other business relationships, helping to ensure an ethical and responsible collaborative environment.

#### **Risk Management:**

In case of identifying a supplier posing an actual or potential risk of not complying with our Principles and Values (including without limitation our standards and policies regarding human rights), we would promptly require a corrective action plan for such non-compliant supplier.

The Artrom Internal Audit and Risk Management Department systematically assesses three categories of risks:

- **External Risks:** This category includes the risk areas related to macroeconomic trends, the development of demand, the strategies adopted by competitors, technological innovations, the introduction of new legislation and risks associated with the country (economic, safety, political and environmental).  
The risk management objective is to monitor the risk and mitigate the impact in the event the risk occurs.
- **Strategic Risks:** This category includes the risk areas associated with the market, product and process innovation, price volatility of raw materials, production processes, financial organizational risks.  
The risk management objective is to manage the risk using specific tools and safeguards designed to reduce the probability or to limit the impact if the risk occurs with the aim of achieving the best risk-performance scenario.
- **Operating Risks:** The main risk areas in this category refer to Information Technology, Security, Legal & Compliance, Health, Safety & Environment risks.  
The risk management objective is to achieve management through prevention and internal control systems integrated in the business processes.

The Conformity and Risk Management Committee supports the Company's Management Board and Board of Directors by way of periodically updating its members about the identification and assessment of the principal risks related to the Company's suppliers (Semestrial Risk Assessment), so as to ensure that all such risks are monitored correctly.

## **VI. REMEDIATION MEASURES**

As of December 31, 2023, Artrom Steel Tubes did not identify any suppliers that had incidents related to forced or compulsory labor and no cases were identified in terms of suppliers at risk of using children or young workers, trafficked persons or modern slavery (people whose documents were withheld, degrading living conditions, and so on). Hence, Artrom Steel Tubes has not had to remedy any situations of forced labor or child labor.

## **VII. TRAINING**

Even though the specific training of employees on forced labor and/or child labor is not legally mandatory in Romania, Artrom Steel Tubes ensures the conduct periodically of mandatory internal trainings with all its employees having key responsibilities within the Company. During such trainings, the employees are made

aware of the Company's policies and requirements as well as the legislation on human rights, equal opportunities, anti-harassment, data protection, Code of ethics and so on.

Our company is in continuous dialogue with its employees, promoting a working environment based on compliance with the requirements of national and international laws and regulations regarding Human Rights.

In addition, Artrom Steel Tubes has made it a priority to ensure easy access to all internal policies and procedures. As such, all documents and information of public interest are published in a prominent place on the Company's website, all of the other internal documents and information being made available to any and all Company's employees via intranet. Moreover, the Company ensures that all such documents and information are drafted using accessible language.

## VIII. ASSESSMENT OF EFFECTIVENESS

### Regular Review of Policies and Practices:

Artrom Steel Tubes periodically reviews all its policies and practices, so as to ensure they remain current, effective and aligned with the changes in the Company's business operations and the applicable legal framework.

### Reporting Obligations:

Each year Artrom Steel Tubes prepares and approves a Consolidated Sustainability Report in accordance with the requirements set out in Directive 2014/95/EU amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups (as transposed into national law). Amongst other issues, such Consolidated Sustainability Report specifically addresses Artrom Steel Tubes' policies and procedures on forced labor and child labor as well as related incidents encountered during the last calendar year (if any). The annual Consolidated Sustainability Report is published on Artrom Steel Tubes' website (<https://www.artrom.com/sustainability/>).

### Reporting Mechanisms:

Our company has implemented the Whistleblowing system, therefore providing everyone the opportunity to communicate in total confidence potential breaches of any of the Company's internal policies or procedures and/or of the applicable laws. For more information on this subject, please see <https://www.artrom.com/whistleblower/>.

## IX. CONCLUSIONS AND FUTURE STEPS

During 2023, we did not identify any violation of human rights, either at the Company's level or throughout the Company's supply chain.

### Future Commitments:

Our plans for 2024 include, among others, expanding our supplier audit program, due diligence and risk management process and enhancing employee training, as well as updating some of our internal policies from the point of view of forced labor and child labor.

This Report is publicly available on Artrom Steel Tubes website, at <https://www.artrom.com/sustainability/>, together with the above-mentioned annual Consolidated Sustainability Report.

This Report is submitted to the Minister of Public Safety and Emergency Preparedness Canada, as per the requirements of the Act.

## 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 this Report for the entity listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this Report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Cristian Drinciu  
Chief Executive Officer  
May 29, 2024

I have the authority to bind ARTROM STEEL TUBES S.A.