

2024

Velan Inc.'s Modern Slavery Report



***Report under the Fighting Against Forced Labour and
Child Labour in Supply Chains Act (Canada)***

Publication date: May 2025

VELAN
Quality that lasts.

Introduction

Pursuant to the “Fighting Against Forced Labour and Child Labour in Supply Chains Act” (hereinafter the “Act”) Canadian businesses are required to outline the actions that they have taken during the previous fiscal year in order to reduce the risk of using forced labour and child labour within their respective supply chains. As a trusted supplier of valves to both public and private sector customers worldwide for over seventy (70) years, Velan Inc. and its international subsidiaries, (individually or collectively referred to as “Velan”) is firmly committed to promoting responsible corporate practices throughout its organization and within its supply chains. The company complies with all applicable legislation related to the promotion of human rights, and the compliance with health, safety, and environment standards. Velan demands this same level of commitment from its suppliers, vendors, and service providers. As part of this commitment, Velan has adopted a Code of Business Conduct and Ethics and a number of internal directives and guidelines which sets out its expectations of its employees, vendors, suppliers, and third-party service providers.

The present report sets out the steps which Velan has taken in 2024 in furtherance of its obligations under the Act.

Activities

Velan has assets of approximately \$510M and engages over 1,600 employees worldwide. The company and its subsidiaries manufacture a wide range of valves, including cast and forged steel gate, globe, check, ball, triple offset, and severe service valves. These valves are used by customers in various industries such as: oil and gas, power (including nuclear), mining, and a variety of other industrial applications.

Our supply chain

Velan’s supply chain leverages a global network of trusted vendors to deliver goods and services to our customers. With diverse operations across multiple industries, the procurement of goods and services to support Velan’s strategic objectives is managed by a variety of teams and functions across our businesses, depending on the specific business need. Accordingly, Velan leverages a network of both internal and external suppliers worldwide, including:

- (a) production facilities throughout North America, Europe, and Asia;
- (b) distribution and service centers; and
- (c) a wide variety of external suppliers throughout the world.



In addition to the above, Velan sources raw materials and other goods and services from suppliers across the globe. As of 2025, Velan’s collective vendor base totalled approximately 1700 suppliers of various deliverables, including but not limited to: raw materials, actuation, castings, forgings, welding and finished parts.

Our policies and training

Velan is firmly committed to the promotion of labour standards, human rights, health & safety principles, and business integrity. The company expects this same level of commitment from its suppliers, vendors, and service providers. As part of its processes to reduce the risk of

forced labour and child labour, Velan has implemented a *Code of Business Conduct and Ethics*, and has required all vendors, suppliers, and service providers to disclose the risk of forced labour in their respective supply chains. In addition, a stand-alone Supplier Code of Conduct has been developed in 2024, and will further ensure that Velan's suppliers adhere to a high level of ethical, labour and safety practices.

Velan has also enacted general procurement guidelines wherein it takes into consideration a number of relevant criteria in selecting vendors, including the mitigation of any negative impacts on the environment and local communities, including human rights, through fair, transparent, consistent, cost-effective and cost-efficient procurement procedures.

Each year, Velan delivers mandatory *Code of Business Conduct and Ethics* training to its stakeholders around the world in all of their local languages. Recently, this training was enhanced in order to provide specific content on Modern Slavery in order to raise awareness and competency on this topic. Each Velan employee and stakeholder completing the training must attest that they have read, understood, and will govern themselves in accordance with the requirements outlined in the *Code of Business Conduct and Ethics*.

Areas of risk

Pursuant to the requirements of the Act, Velan has performed assessments of its supply chains, including for example site visits at suppliers' factories. Such assessments identified areas where the potential of either child labour or forced labour could occur in its operations. Risk analysis undertaken on this basis indicates that the risk of child labour and/or forced labour practices in Velan's supply chain is very low. Accordingly, no instances of Modern Slavery were identified in Velan's business activities in calendar year 2024.

In order to identify and remediate any potential instances of forced/child labour in its supply chain, Velan has in place an anonymous whistleblower hotline / website that is available for both employees and third parties in multiple languages to provide reports of any compliance issues which may arise, including any potential violations to the Act. Each report is fully investigated by the relevant stakeholders, and is actioned accordingly.



Due diligence process

Velan maintains proportionate due diligence processes and other procedures to identify and exclude modern slavery from its business and supply chain. The task of establishing and reviewing the effectiveness of those procedures has been led by the Legal/Compliance function, with support from the Human Resources, and Procurement functions.

Velan's third-party onboarding and vetting platform considers factors such as ethics, sanctions, and integrity in its risk evaluation, enhanced by subregion-specific checks. When the initial vetting identifies an elevated risk of modern slavery, amongst other risk factors, the supplier undergoes an elevated screening which is conducted by Velan's Legal/Compliance team.

Any opportunity, client or third party located in a known high-risk country undergoes a rigorous due diligence process and must be approved by the Legal/Compliance team. The due diligence and review process includes assessing all compliance factors, including modern slavery risk and implementing the appropriate mitigation measures.

Finally, Velan's Human Resources department ensures that all employees and consultants are legally permitted to work in the applicable jurisdiction (including age and work permits), and that offers of employment are provided to all new and returning employees which are accepted by such employees (i.e. employees have ability to reject the offer).

Assessing effectiveness

Velan undertakes the following activities to assess the effectiveness of the actions to control modern slavery risks within our operations and supply chain:

- Creating new content for the annual Code of Business Conduct and Ethics training to ensure it is current and relevant.
- Tracking the completion rate for Velan's mandatory Code of Conduct onboarding and refresher trainings.
- Developing a stand-alone Code of Conduct for suppliers, in order to address the risks specific to this particular business entity.
- Reviewing available industry reports and survey results to improve the data underlying our approach.
- Reviewing our related global policies annually to ensure they align with regulatory requirements and company expectations.
- Learning from experience and feedback during our due diligence processes to improve the processes and results in the future.
- Periodically evaluating the effectiveness of modern slavery prevention activities.

"Promoting an ethical culture at Velan is not only my responsibility as the CEO of the company, it is truly the mandate of every single employee and stakeholder worldwide."

**- James Mannebach,
Chair of the Board and CEO**



Attestation

This report has been approved by Velan’s Board of Directors, in accordance with applicable laws, by-laws and internal policies.

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.

I have the authority to bind Velan Inc.

Name: Liam Turner

Title: Vice-President Legal Services & Compliance

Date: May 22, 2025

