



Fighting Against Forced Labour and Child Labour in Supply Chains Act

This is our first report pursuant to the Fighting Against Forced Labour and Child Labour in Supply Chains Act of Canada. Set out below are the policies and processes that were in place to prevent forced and Child Labour from taking place in our operations and supply chain during our fiscal year of January 1, 2023, to December 31, 2023.

Forced and Child Labour are contradictory to our purpose, vision and values. We do not tolerate Forced and Child Labour within our organization or in those of our suppliers and subcontractors. We hold ourselves to the highest standards and expect everyone in our organization to act with integrity and comply at all times with the letter and spirit of the laws, regulations and rules that apply to BDI Canada in all the jurisdictions in which we operate. If instances arise where these expectations are not met, we will respond in an appropriate manner.

Our Structure, Operations and Supply Chain

BDI Canada Inc. (BDI Canada) is a wholesale industrial distributor which imports and distributes industrial parts to keep Canada's manufacturing sectors' production equipment well maintained and operating. We are one of five national distributors in our industry. We have twenty-four branch operations spanning from Newfoundland to British Columbia that employ 185+ employees.

BDI Canada is incorporated in Canada under the Canada Business Corporations Act with corporate headquarters in Mississauga, Ontario. Our corporate headquarters provide the following services to our branch network,

- Corporate Governance
- Finance and Accounting
- Human Resources Support
- Inventory Replenishment Purchasing
- Information Technology Support
- Marketing Assistance

Our branch network consists primarily of technical sales staff, sales order processing staff and logistics personnel.



We serve a wide range of industries consisting of but limited to,

- Mining
- Primary Metal Manufacturing
- Food and Beverage Producers
- Package Handling Industries
- Building Material Producers
- Automotive Manufacturing
- Transportation
- Oil and Gas Producers
- Utilities



BDI Canada's supply chain involves the purchasing of a broad range of MRO goods from international, national, regional, and local suppliers. The major categories of products are,

- Bearings
- Industrial Chemicals
- Clutches & Brakes
- Electrical Motors
- Fasteners
- Fluid Power
- Material Handling
- Mechanical Power Transmission
- Safety Products
- Tools
- General Industrial Supplies



Risks of Forced and Child Labour in our Operations and Supply Chain

According to the 2018 Global Slavery Index, the risk of forced and child labour within Canada is very low. We recognize that we may be indirectly linked to the risk of forced and child labour as a result of our business activities.

Additionally, certain global jurisdictions may be at higher risk for forced and child labour practices. BDI Canada intends to manage this risk through a variety of policies, processes and practices, which are outlined in this report.

We will make it a priority to establish a responsible and fair sourcing process while managing our supply chain effectively. We will assess, identify and monitor areas within our supply chain where there may be a risk of forced and child labour. These include suppliers from higher risk regions of the world which BDI Canada may import product into Canada. Direct product importation activities from higher risk nations represent less than 0.5% of our purchasing activity.

Our Frameworks and Policies

We believe that good governance is the essential foundation of a respectful and inclusive corporate culture that earns trust from and builds value for our customers, suppliers, shareholders, and employees.

Code of Ethics

At BDI Canada, holding ourselves to the highest standards of integrity plays a critical role in achieving our Purpose, which is to help our customers manage their indirect material spend efficiently and effectively. Our Values and Code of Ethics guide us and set expectations for our behaviour and decision-making. Our Code of Ethics is the roadmap we follow to serve our customers with the highest standards of integrity. It also lays the foundation for how we work together in a respectful, transparent and fair environment. It applies to all BDI Canada employees, contract workers and members of the Board.

Actual or suspected violations of our Code of Ethics provisions are required to be reported, which means that appropriate action is taken to review and address the issue.

Our Due Diligence Processes

In early 2024, when the Act was approved, BDI Canada began the process of reviewing our supply chain for forced and child labour risk, and identified processes that could be improved to mitigate said risk. These actions will be outlined later in this report. Pursuant to those actions being completed, BDI Canada intends to conduct an annual review of our processes surrounding the risk of forced and child labour within our supply chain activities.



Our Training

Our procurement managers are also required to participate in responsible procurement training sessions that focus on supplier diversity, employment practices, health and safety and the environment. These training programs enable relevant employees and contract workers to have a broad understanding of our tools, processes and policies that promote procuring products and services only from reputable suppliers.

Our Remediation Processes

Our Leadership Model, which sets out key behaviours expected of our workforce, encourages speaking up for the good of BDI Canada, and our Code of Ethics requires all employees and contract workers to report actual or possible misconduct. Employees and contract workers are encouraged to speak to their manager, senior management, Human Resources, so issues can be resolved quickly and objectively.

Assessing our Effectiveness

After an extensive review of our processes, we have identified the following areas of improvement as it relates to managing the low level of risk associated with forced and child labour,

- BDI Canada will be updating our Code of Ethics to specifically state BDI Canada's positions on forced and child labour.
- BDI Canada have mapped our supplier base to identify suppliers that are operating in areas of the world of significantly higher forced and child labour risk than exist currently within Canada.
- BDI Canada will develop a supplier questionnaire to be distributed to our top suppliers that may source product or manufacture product within higher forced and child labour regions of the globe for the purpose of assessing their intended compliance to the Act (S-211).
- BDI Canada will be implementing a supplier code of ethics for all major suppliers including those identified in our mapping exercise.

The Supplier Code of Ethics will require suppliers and subcontractors to comply with human rights, labour and employment standards legislation and treat their employees with fairness and respect. Suppliers must be able to demonstrate the following in their workplaces:

- Child, forced or compulsory labour is not used.
- Discrimination and harassment are prohibited, including discrimination or harassment based on any characteristic protected by law.
- Retaliation for speaking up is prohibited and employees are free to raise concerns and speak up without fear of reprisal.
- Clear and uniformly applied employment standards are used that meet or exceed legal and regulatory requirements.

All of these actions will be completed and deployed during the 2024 fiscal year, and BDI Canada will report on our progress on the next report.



Conclusion

BDI Canada remains committed to preventing forced and child labour from taking place in our business and in our supply chains. We will continue to review our policies, procedures and practices on an ongoing basis to determine any enhancements we can make to help prevent forced and child labour.

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.

T. Chisholm
President, BDI Canada Inc.

A handwritten signature in black ink, appearing to read "T. Chisholm", is positioned below the printed name and title.

May 31, 2024