



Forced Labour and Child Labour in Supply Chains Report

Fiscal Year 2023

1. ABOUT THIS REPORT

This report has been prepared in accordance with Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act (the "Act") by Canada Pipe Company ULC (the "Company"), covering its last financial year ending December 31, 2023. References in this report to "Canada Pipe", "we", "our" and similar terms are to the Company. All the policies referenced in this report are the policies of our parent company, applicable to all of its subsidiaries.

This report outlines our commitment, and key actions taken within the last financial year, to prevent and reduce the risk of forced labour and child labour in its business operations and supply chains.

2. PREVENTING AND REDUCING RISKS OF FORCED LABOUR AND CHILD LABOUR

At our Company, we are guided by corporate responsibility in all our operational and business decisions. Our commitment is to operate ethically, transparently, and with accountability, while striving for the highest level of ethical behaviour and compliance with laws. We maintain a zero-tolerance policy towards forced labour and unlawful child labour, ensuring that our work environment remains free from human trafficking and slavery, and hold both our employees and business partners accountable for upholding integrity.

During our last financial year, we took several steps to prevent and reduce potential risks of forced labour and child labour that may occur in our activities and supply chains. These actions included the following:

- Embedding responsible business conduct into various human rights policies and management systems.
- Ensuring voluntary and transparent recruitment through detailed job descriptions, multi-stage interviews and candidate review of offer letters.
- Implementation of grievance mechanisms, with a commitment to taking appropriate action when informed of any issues.

In 2024, we continued to implement procedures to prevent and mitigate risks relating to forced labour and child labour. This included conducting due diligence by sending questionnaires to a majority of our suppliers in China and India to gather information on their efforts to prevent forced labour and child labour in the production process. We are

currently contemplating extending the scope of our due diligence review in response to our ongoing risk assessment process.

Details of the above actions are set out in this report.

3. ABOUT US & OUR SUPPLY CHAIN

About Us

Canada Pipe, headquartered in Hamilton, Ontario (Canada), has been a prominent manufacturer and distributor waterwork products in Canada since the 1960s. As one of the leading suppliers in this industry, we offer a wide range of high-quality products at competitive prices to our customers in North America.

Canada Pipe operations are divided in four divisions: (1) the Canada Pipe Division specializing in the supply and distribution of pipe products, (2) the Clow Canada Division manufacturing fire hydrants, with a manufacturing plant in New Brunswick, (3) the Bibby Ste. Croix Division in Quebec producing cast iron soil pipes and fittings for drain, waste, and vent systems and municipal products, (4) the Manchester Tank Canada Division, a propane tank distributor located in Ontario.

Supply Chain

The Company primarily uses raw materials such as cast iron scrap, alloy, sand, coke (used for iron melting), and resin, which are mainly sourced from Canada. We are strongly committed to local sourcing and strive to procure goods from suppliers within the communities where we operate.

In fiscal year 2023, our Bibby Ste. Croix Division made over 94% of their purchases from suppliers located in the United States and Canada. The remaining procurement was sourced from suppliers in China and India.

Additionally, Canada Pipe sources a small portion of products and raw materials from its affiliated companies in China and India.

To ensure a reliable supply chain, we have established enduring partnerships with multinationals and renowned suppliers in the industry. Through these relationships, we effectively mitigate risks. We have high expectations that all our suppliers adhere to high standards aligned with our commitment to excellence.

4. POLICIES AND DUE DILIGENCE PROCESSES

We have embedded responsible business conduct into our practices and policies to uphold standards of human rights, ethical conduct, and social responsibility in our operations and business relationships.

4.1 Policies

We have implemented the following policies relevant to human rights, and/or forced and child labour, and our social responsibility:

- Our parent company's Anti-Human Trafficking Policy applies to all its subsidiaries, including Canada Pipe. It underscores our commitment to creating a work environment free from slavery, forced labour, and unlawful child labour. It applies not only to our employees but also to independent contractors, subcontractors, vendors, suppliers, partners, and others involved in our business. We maintain a zero-tolerance approach towards any violations of this policy and actively encourage the reporting of concerns to our human resources or legal department. We strictly prohibit any form of retaliation against team members who report concerns in good faith or cooperate with compliance investigations, even if no evidence is found to substantiate the report.
- Our Environmental, Health and Safety Policy emphasizes our commitment to operating a sustainable business that prioritizes environmental protection, health, safety, and wellbeing. As valued team members, it is our collective responsibility to uphold these goals and make our Company a model for our industry.
- Our Code of Conduct emphasizes the creation of a harassment-free workplace and the maintenance of a safe and healthy environment. It underscores the importance of remaining vigilant in the fight against human trafficking, indicating that it is crucial for all team members, contractors, subcontractors, and other business partners to refrain from engaging in any activities related to trafficking or slavery. As stated in our Code of Conduct, any known or suspected ethical or legal misconduct must be immediately reported by team members. We have a strict policy against retaliation or ignoring acts of retaliation, and failure to report a violation may result in discipline, including termination.

4.2 Recruitment Process

Our hiring process ensures voluntary and transparent recruitment through the creation of detailed job descriptions and advertising on various channels. It involves the submission of applications and candidate screenings, followed by multiple interviews with shortlisted candidates. We also conduct background checks with candidate consent. Once the candidate receives the offer letter, they have the opportunity to review the terms and conditions of employment before accepting. This ensures that the recruitment process remains voluntary.

We also utilize placement agencies to aid in the hiring process. These agencies are responsible for conducting interviews, verifying criminal records, identification, as well as facilitating the transition of candidates into permanent employees. In select cases, we collaborate with a reputable Canadian agency to recruit migrant workers from countries like the Philippines, Brazil, Senegal, and Tunisia. These workers undergo a two-year

program that includes accommodation and specialized training in French and technical skills.

Our divisions consist of both unionized and non-unionized employees. The Bibby Ste. Croix collective agreement provides supplementary working conditions, protections and benefits to unionized employees.

4.3 Due Diligence Processes

A primary focus for us is to actively identify and address potential risks related to forced and child labour throughout our operations and supply chains.

To fulfill this commitment, we conduct periodic on-site visits to factories in China and India primarily to assess quality and processes. Following these visits, any concerns that arise are promptly reported to our management team for appropriate action. Moreover, mandatory audits are conducted on our foreign suppliers by the Canadian Standard Association for all pipes and fittings. Inspectors from this association rigorously ensure compliance with prescribed standards and visibly mark quality seals on the actual products.

Through these comprehensive measures, we strive to mitigate risks and reinforce responsible practices across our supply chains.

5. RISK ASSESSMENT

Taking into account that our direct suppliers are predominantly based in Canada and the United States, where labour standards are strictly enforced, we believe that the likelihood of forced and child labour being utilized by our direct suppliers is generally low.

However, we recognize the importance of remaining vigilant and that continuous monitoring and periodic assessments will be essential to ensure that our suppliers uphold the highest standards of ethical sourcing.

Since the Act came into force, we have implemented specific measures to identify and prevent the risks of forced labour or child labour in our supply chain, focused on the distribution of questionnaires to a majority of our suppliers in China and India, even though we only purchase a minor portion of our products from these countries. In these questionnaires, we request information from our suppliers about the steps they have taken in the previous financial year to prevent and reduce human rights risks in the production of goods imported into Canada or used in our operations.

Given that we have not identified any instances of forced labour or child labour in its activities and supply chains, no measures were taken to remediate such instances or to remediate the loss of income to the most vulnerable families that may result from measures taken to eliminate the use of forced labour and child labour.

In the event that any allegations of forced labour or child labour in our operations or supply chains are discovered, we will take them seriously and conduct an investigation as soon as possible to address any potential risks.

6. TRAINING AND CAPABILITY BUILDING

During the previous financial year, although we did not conduct formal training specifically on forced and child labour, we recognize the importance of addressing these concerns. We also provide various training programs with a primary focus on providing health and safety training for our employees. Additionally, during the onboarding process, we emphasized the significance of adhering to our Code of Conduct and required employees to sign the code.

As part of our ongoing commitment to combat forced and child labour, we are planning to introduce awareness training sessions in 2024 and beyond, for members of our purchasing department. Through these efforts, we aim to enhance awareness and ensure that our employees are actively engaged in preventing and addressing these critical issues.

7. ASSESSING THE EFFECTIVENESS OF OUR APPROACH

Recognizing the inherent complexity of evaluating the effectiveness of our efforts to reduce the risk of forced labour and child labour within our supply chain, we acknowledge the importance of assessing our progress in mitigating human rights risks. We will continue to maintain robust policies and procedures to prevent the use of forced and child labour within our operations and supply chains.

Looking ahead, to ensure the ongoing effectiveness of our actions and uphold our commitment to preventing forced and child labour risks, we have planned to introduce regular reviews our policies and procedures concerning forced labour and child labour starting next year. Additionally, we will develop and include contractual clauses specifically targeting forced labour and child labour in our purchase orders and supplier agreements.

8. APPROVAL AND ATTESTATION

This report was approved by the Board of Directors of Canada Pipe Company ULC on May 31, 2024 pursuant to subparagraph 11 (4)(a) of the Act and constitutes Canada Pipe's report for the financial year ending December 31, 2023.

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 Company. 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 indicated above.

I have the authority to bind Canada Pipe Company ULC

A handwritten signature in blue ink, reading "Thomas Louis Coppedge". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Name: Thomas Louis Coppedge
Title: Assistant Vice President & Counsel
Date: May 31, 2024