



Forced Labour and Child Labour Report

Introduction

This Forced Labour and Child Labour Report (this “**Report**”) for the financial year ending August 31, 2024, in the case of Kenco Holdings Ltd. (“**Kenco**”) and September 30, 2024, in the case of BHD Tubular Limited (“**BHD**”) is made pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada), also known as the Modern Slavery Act (the “**Act**”). BHD and Kenco are hereinafter referred to as the “**Kenco Group**” or “**we**”, “**us**” or “**our**” except where the context otherwise requires. This Report is a joint report which applies to, and describes the reasonable steps taken by, the Kenco Group to mitigate forced labour and child labour in their activities and supply chains.

Respect for Human Rights

Kenco Group fully supports the objectives of the Act and opposes the use of all forms of forced labour and child labour in our activities and our supply chains. Respect for human rights is fundamental to our values, the long-term stability and growth of our business and the well-being of the communities in which we operate. Kenco Group is committed to continuous improvement in our policies and processes.

As set out in the United Nations Guiding Principles on Business and Human Rights, business enterprises have a responsibility to respect internationally recognized human rights. The responsibility to respect human rights requires that business enterprises: (a) avoid causing or contributing to adverse human rights impacts through their own activities and address such impacts when they occur; and (b) seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts.

Corporate Structure, Activities and Supply Chains

Corporate Structure

Kenco is a corporation incorporated in 2011 under the *Business Corporations Act* (Alberta) and is located in Edmonton, Alberta. Kenco is not involved itself in the production, selling or distribution of goods, but it controls BHD which is involved in the importation of goods into Canada and sale and distribution of goods in Canada and the United States. Kenco has no employees in Canada other than its sole director and officer and has no employees outside of Canada.

BHD is a corporation incorporated in 1998 under the *Business Corporations Act* (Alberta) and is headquartered in Edmonton, Alberta. BHD is involved in the sale and distribution of industrial

pipe for use in the oil and gas, mining, civil and nuclear industries, primarily in Canada but with a smaller portion being sold to purchasers in the United States. As the date of this report, BHD has 28 employees in Canada and no employees outside of Canada.¹

Kenco has other subsidiaries, however those subsidiaries are not reporting entities under the Act.

Activities

BHD is a leading distributor of carbon steel industrial pipe. BHD is not itself involved in the manufacture and production of goods, but procures for sale industrial pipe from various manufacturers and wholesalers, and sells industrial pipe primarily in Canada with a portion of its sales to companies located in the United States. BHD carries out its retail and wholesale operations from an 8-acre pipe yard in Edmonton, Alberta, and a 60-acre pipe yard in Tofield, Alberta, that can house pipe stock or may be used by customers for projects of varying sizes. BHD also provides pipe customization services including cutting, galvanizing, threading and coating through its pipe yard locations.

Supply Chain and Operations

During the 2024 fiscal year, BHD procured 48% of its industrial pipe products for resale directly from approximately 22 manufacturers primarily located outside of Canada in countries such as Brazil, China, Germany, India, Italy, Korea, Mexico, Philippines, Thailand, and the United States. Approximately 49% of BHD's industrial pipe products for resale were procured from 27 wholesalers located within Canada, and 2% from 5 wholesalers located within the United States. BHD procures goods and equipment used in its customization services processes at its pipe yards from manufacturers and wholesale suppliers located within Canada.²

We acknowledge the risk of forced labour and child labour existing in any complex supply chain, particularly where BHD has no direct contact with the manufacturers and raw materials suppliers used in the supply chains of BHD's suppliers of goods for resale. Limited information is available to BHD regarding the activities and supply chains of the wholesalers and manufacturers that BHD uses to purchase goods for resale. For each pipe purchase, BHD is provided with a Material Test Report (MTR) that includes the name and location of the manufacturer, and for some manufacturers, the name and location of the steel supplier.

Goods and Services Procured Directly by BHD to Support our Operations

BHD procures various services and goods (other than goods for resale by BHD) to support its operations. While BHD's specific supply chain profile remains largely the same year-on-year, the types of goods (other than goods for resale) and services procured by BHD from its suppliers to support its operations generally consist of:

- Office equipment and supplies, consumables, and marketing materials
- Technology and IT
- Transport and accommodation

¹ BHD to confirm current number of employees inside and outside of Canada

² BHD to revise data for 2024 fiscal year

- Facilities management, including:
 - Janitorial services; and
 - Cleaning, sanitation, and personal property equipment and products
- Parts and equipment, including:
 - welding supplies; and
 - motor vehicles

Other than professional services (legal and accounting), investment and insurance services, and transport and accommodation goods and services, Kenco does not procure goods and services. BHD also procures professional (legal and accounting), investment and insurance services to support their operations.

Steps Taken During 2024 Fiscal Year to Prevent and Reduce Risks of Forced Labour and Child Labour in our Supply Chains

BHD is committed to operating ethically, following practices, policies and standards in compliance with the objectives of the Act and applicable labour and employment laws. As part of this commitment, we acknowledge the importance of addressing forced labour and child labour within our supply chains and activities. BHD strives to ensure its own activities and the facilities which it operates in Canada avoid any use of forced labour and child labour in our operations.

During the 2024 fiscal year, took the following steps to prevent and reduce the risk of forced labour or child labour in our supply chains and operations:

1. Taking reasonable steps to confirm the identity of all of our suppliers, including identifying the country of origin, and considering other risks due to geopolitical, social, economic and political factors existing in those countries;
2. Management of BHD had previously visited the production sites of many of our major suppliers, in some circumstances, without prior notice to our suppliers, to confirm that the site and the supplier are operating in accordance with industry standards and BHD did not observe any child labour or forced labour at our suppliers' facilities during those visits.
3. Continued to operate our business in compliance with applicable laws and our internal policies regarding occupational health and safety and human rights.

Policies and Due Diligence Processes in Relation to Forced Labour and Child Labour

We have adopted internal policies to promote and ensure compliance with applicable laws including in respect of employment, occupational health and safety and human rights in the jurisdictions in which we operate our business. This includes, as an example, an Incident Report form used as part of BHD utilizing the ISO 9001 quality management system. The Incident Report form is used by BHD employees to report incidents of nonconformance to BHD procedures and processes, including without limitation incidents that impact product quality and workplace safety. Currently, BHD does not have any formal policies or processes in place that are specific to the prevention of forced labour and child labour in its supply chains.

Employee Hiring Practices

In its hiring practices, BHD requires copies of government issued identification for any new employees in addition to social insurance numbers as part of checking the new employee has a right to work in Canada. BHD does not hire any school aged employees during the school year or holiday breaks. All BHD employees are over the age of 18 and legal citizens of Canada. Some of BHD's employees are paid hourly and others a salary, with wages reviewed annually to ensure they are compliant with its legal obligations in Alberta. Any overtime hours worked must be voluntarily and mutually agreed to by the employee and their manager. Any work outside of usual hours, such as in the evening, overnight or weekend, or calls into work of an employee, are paid in accordance with the applicable report-to-duty rates. Employee salaries are reviewed annually against the local market data, including the Consumer Price Index in Canada, and against employment standards legislation to ensure compliance. All employees are paid their wages via an electronic transaction and receive a pay slip.

BHD has established compensation policies, including compensation grids, which are reviewed regularly. Permanent and full-time employees of BHD are eligible for employer-paid benefits. BHD also provides an employee assistance plan that supports the mental, social, physical and financial health of BHD employees.

BHD has established organization guidelines and operating practices which govern operations including the hours of operation, employee job descriptions and salary ranges, and safety policies and procedures for employee protection. These policies must be adhered to by all BHD employees, and employees are encouraged to report any observed breaches of these policies to their managers through completed Incident Reports. Based on the above practices, BHD has assessed its operational risk for forced labour and child labour use in its own activities as low.

Supplier Due Diligence

BHD carries out factory tours of the manufacturers and site visits that it purchases from time to time on a periodic basis. Factory tours are scheduled in advance following an invitation from the manufacturer. During in-person tours at the factories, BHD makes inquiries of the manufacturers regarding their hiring practices and processes for qualifying their workers as experienced or skilled to work in the factories. The intent of factory tours is to assess operational capabilities and ensure quality product in BHD's own supply chain, rather than specifically identifying any forced labour or child labour risks. To date, BHD has not taken any steps or implemented any processes to review its manufacturers' or wholesalers' policies, activities, hiring practices, due diligence processes, or supply chain specifically with respect to forced labour and child labour risks in their supply chains and operations.

Risk Assessment and Management

During the 2024 fiscal year, BHD had not formally assessed or identified which specific parts of its supply chains may carry a risk of forced labour or child labour. However, BHD acknowledges that no complex supply chain is risk free and it has identified the industries and sectors which support its operations that may carry a risk of forced labour and child labour, although further assessment of our own supply chain is required.

Generally, BHD has identified the following risks of forced labour and child labour in its supply chains generally:

- a risk based on the location of its manufacturers outside of North America,
- a risk where raw materials are procured by the manufacturers BHD purchases from for use in the manufacturers' supply chains from one or more suppliers that BHD does not have direct contact with, and
- a risk where the wholesalers that BHD purchases from procure goods from one or more suppliers that BHD does not have direct contact with.

Forced Labour and Child Labour Remediation Measures

In the 2024 fiscal year, Kenco Group was not aware of any occurrences of forced labour or child labour practices occurring within our supply chain and activities. Therefore, we did not take any measures to remediate any forced labour or child labour.

Addressing Loss of Income Arising from Remediation Measures Taken during 2024 Fiscal Year

In the 2024 fiscal year, Kenco Group was not aware of any occurrences of forced labour or child labour practices occurring within our supply chain and activities, and therefore no measures to eliminate the use of forced labour or child labour were taken as they were not needed. As no remediation measures were taken, we did not take any steps to remediate any loss of income to the most vulnerable families.

Training Provided to Employees

In the 2024 fiscal year, we did not provide formal training to the employees of Kenco Group on forced labour and child labour.

Assessing Effectiveness in Ensuring Forced Labour and Child Labour are Not Used in our Activities or Supply Chains


The Kenco Group does not currently have in place any policies or processes to measure and track its success in preventing and reducing the risks of forced labour and child labour in its activities and supply chains.

Approval of Report and Attestation

This Report has been approved by the Board of Directors of Kenco Holdings Ltd. in accordance with Section 11(4)(b)(i) of the Act.

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.


Per: 

Name: Kenneth Hesse
Title: Director
Date:

I have the authority to bind Kenco Holdings Ltd.

This Report has been approved by the Board of Directors of BHD Tubular Limited in accordance with Section 11(4)(b)(i) of the Act.

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.

Per: 

Name: Kenneth Hesse
Title: Director
Date:

I have the authority to bind BHD Tubular Limited