

## Forced Labour And Child Labour Report

### Introduction

This Forced Labour and Child Labour Report (this "**Report**") is made pursuant to Section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada), also known as the Modern Slavery Act (the "**Act**") for the financial year ending December 31, 2023.

This Report is a joint report which applies to, and describes the steps taken by, the following reporting entities to mitigate forced labour and child labour in our organization's operations and supply chains, which steps continue to evolve:

<u>Reporting Entity</u>	<u>Abbreviation</u>
Redco Equipment Sales ULC	Redco
Great North Wellhead ULC	GNW
Dril-Quip UK Canada Holdco Ltd.	Holdco

In this Report, Holdco, Redco and GNW are hereinafter referred to collectively as the "**Great North Group**" or "**we**", "**us**" or "**our**" except where the context otherwise requires. Redco and GNW are collectively referred to as the "**Operating Group**".

### Respect for Human Rights

The Great North Group fully supports the objectives of the Act and opposes the use of all forms of forced labour and child labour in our operations and our supply chain. Respect for human rights is fundamental to our values, the long-term stability and growth of our business and to the wellbeing of the communities in which we operate.

As set out in the United Nations Guiding Principles on Business and Human Rights ("**UNGPs**"), 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. In applying the lens of the UNGPs, we have assessed the potential for our operations to cause, contribute to, or be directly linked to adverse human rights impacts, including forced labour and child labour. For the reasons described in this statement, we remain of the view that there low risk that our operations have caused or contributed to adverse human rights impacts. We have started to review our policies and procedures to assess whether the operations of our suppliers who provide goods used in our production and distribution processes cause or contribute to adverse human rights impacts.

The Great North Group has a risk based due diligence approach on forced labour and child labour. The Act came into force on January 1, 2024. While as of the end of the last fiscal year the Great North Group had not taken any material steps to identify and assess the risk of forced labour and child labour, following a risk-based approach, we are committed to continuous improvement in our policies and processes.

## Corporate Structure, Activities and Supply Chains [Section 11(3)(a) of the Act]

### Corporate Structure

GNW and Redco are corporations incorporated under the *Alberta Business Corporations Act*. Holdco is a corporation incorporated under the laws of Scotland. Redco is a wholly owned subsidiary of GNW. GNW is a wholly owned subsidiary of Holdco. Neither GNW nor Holdco has any other subsidiaries.

The ultimate parent entity of Redco, GNW, and Holdco is Dril-Quip, Inc., a corporation incorporated under the laws of the state of Delaware, United States of America ("**Dril-Quip**"). Dril-Quip is not a reporting entity under the Act. Dril-Quip became the ultimate parent of the Great North Group in July 2023.

### Activities

Holdco is not itself involved in the production, selling or distribution of goods, but it controls GNW which is involved in the import, production, sale, and distribution of goods.

The Operating Group has operations in Alberta and Saskatchewan. GNW was established by amalgamation in 2023 and Redco was established in 2018. Each of GNW and Redco is headquartered in Edmonton, Alberta.

As of December 31, 2023, the Operating Group employs more than 250 people in Canada. The Operating Group has no employees outside of Canada. Holdco has no employees, inside or outside of Canada, other than its directors and officers.

The Operating Group's employee salaries are reviewed regularly, including against the Consumer Price Index (CPI) in Canada to determine cost of living increases. The Operating Group has established compensation policies, including compensation grids, which are reviewed regularly. Permanent and full-time employees of GNW and Redco are eligible for employer-paid benefits, an employer-matched pension plan, and each of GNW and Redco provides an Employee Assistance Plan (EAP) that supports mental, social, physical and financial health of the the Operating Group employees.

The Operating Group 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.

In the fiscal year ended December 31, 2023, the Operating Group purchased products from 155 vendors totaling approximately \$19,000,000.00. This accounts for all operating expenses and products, such as consumables, technology, travel, raw materials, manufactured goods, and shop supplies. The Operating Group is not disclosing the exact nature of the products and the amount spent on each product segment as it is commercially sensitive information.

## Supply Chain and Operations

We acknowledge the risk of forced labour and child labour existing in any complex supply chain, particularly where the Operating Group has no direct contact with the manufacturers and raw materials suppliers used in the supply chains of the Operating Group's suppliers of goods. Limited information is available to the Operating Group regarding the activities and supply chains of the wholesalers and manufacturers that Operating Group uses to purchase goods for the Operating Group's operations and manufacturing activities.

For the approximately 155 vendors Operating Group uses for approximately \$19,000,000.00 in spending, the top 30 vendors would represent about 85% of the volume purchase (or approximately \$16,230,000.00). Those products are sourced in Canada, the United States of America, and China. The Operating Group sourced approximately \$7,000,000.00 in the previous fiscal year from China.

For goods purchased directly by the Operating Group which may contain "Conflict Minerals", which are identified as tantalum, tin, gold, and tungsten, suppliers are required to complete a Conflict Minerals Questionnaire. Responses to the Conflict Minerals Questionnaire do not preclude a supplier's onboarding process, but all responses are reviewed by Dril-Quip's Compliance Officer, with any concerns noted and reported on required all filings. The Operating Group and Dril-Quip strive for a 95% return rate for the Conflict Minerals Questionnaire.

For goods the Operating Group purchases directly, the Operating Group currently does not have any policies or practices beyond the Conflict Minerals Questionnaire in place to determine whether forced labour or child labour is used at any step of the production of those goods in Canada or elsewhere or of those goods imported into Canada.

For its suppliers located in countries other than Canada, the Operating Group does not require those suppliers to provide any information on their operations beyond information gathered through the Conflict Minerals Questionnaire, when applicable. We acknowledge the risk of forced labour and child labour that may exist when importing goods from other countries. The Operating Group purchases goods from Canada, the United States, and China. The Operating Group acknowledges that goods sourced from China carry potential risk for forced labour and child labour being used at any step in production due to geopolitical and other social, economic, and political factors. However, the Operating Group is not aware of any forced labour or child labour used by any Chinese suppliers in the 2023 fiscal year.

Aside from the Conflict Minerals Questionnaire mentioned above, the Operating Group does not receive and does not request any information about its supplier's supply chain and activities. The Operating Group does not receive and does not request any information on the due diligence processes (if any) the wholesalers or manufacturers undertake on their suppliers, or any information regarding the wholesalers and manufacturers' activities.

### **Goods and Services Procured Directly by the Operating Group to Support our Operations**

The Operating Group procures various services and goods (other than goods which are incorporated into goods the Operating Group manufactures or produces) to support our operations.

Our specific supply chain profile remains largely the same year-on-year. The types of goods (other than goods which are incorporated into goods the Operating manufactures or produces) and services procured by the Operating Group from its suppliers consist of:

- Office equipment and supplies/consumables/marketing materials
- Technology and IT
- Transport and accommodation
- Facilities management
  - o Janitorial services
  - o Cleaning, sanitation, and personal property equipment and products
- Parts and Equipment
  - o operational equipment, including forklifts

While our supply chain profile remains largely the same year-on-year, and while we are confident in our supply chains that they carry a low risk of child labour and forced labour, the types of goods and services procured by the Operating Group to support their effective operations are listed below. We also provide a general description of the key forced labour and child labour risks that are likely to exist in each of those categories by virtue of the industry risk profiles and provision of goods or services.

<b>Type of goods / service</b>	<b>Description</b>	<b>Generally known forced labour and child labour risks</b>
Office equipment and supplies / consumables / marketing	Food products and catering services, cleaning products, office furniture, printing, stationery, merchandise suppliers	<p>Food Services - Food related supply chains have a high risk of forced labour and child labour due to the reliance on ingredients sourced globally, often from countries with a higher prevalence of, and vulnerability to forced labour and child labour. For example, coffee, tea, cocoa, rice, palm and derivative products and seafood are some of the many products linked to forced labour and child labour.</p> <p>Corporate Merchandise - Mass-produced items and garments, particularly if produced in countries with a greater prevalence of, and vulnerability to and have a higher risk of child labour and forced labour.</p> <p>Furniture - There are increased forced labour and child labour risks associated with producing and sourcing raw materials such as timber, bricks, PVC in flooring, fabrics, metals and glass as</p>

		well as risks in the manufacturing industry located in countries with a greater prevalence of, and vulnerability to, forced labour and child labour.
Technology and IT	Electronics, tablets, laptops, desktops, mobile phones	Forced labour and the worst forms of child labour are present in the supply chains that provide IT companies with the necessary raw materials to produce electronic goods, and parts of those goods. The manufacture of electronics has been associated with labour exploitation, including child labour and forced labour.
Transport and accommodation	Airlines, hotels and lodging	The hospitality and food services industry, irrespective of jurisdiction, has elevated risks driven by parallel factors described below in relation to the cleaning sector.
Facilities management	Cleaning and janitorial services	<p>The cleaning industry is considered a higher risk industry for forced labour and debt bondage due to factors such as employers withholding wages, excessive working hours, complex and opaque subcontracting arrangements, and workers on temporary visas with limited bargaining power and awareness of their rights at work.</p> <p>Similar to the cleaning sector, the prevalence of subcontracting in the facilities maintenance industry can lead to contractual liabilities and obligations diminishing to the point where the human rights of workers on site may go unnoticed due to a lack of transparency.</p>
Parts and Equipment	Forklifts, operational equipment and flatteners, compacting machines, trailers and transport vehicles	The manufacturing of heavy equipment, if produced with components sourced from countries with a greater prevalence of, and vulnerability to, forced labour and child labour increases the risks associated with forced labour and child labour being used in the supply chains for these products.

Our suppliers are primarily domiciled in Canada, and we are of the view that our supply chains and activities for the types of goods (other than goods which are incorporated into goods the

Operations Group manufactures or produces) and services procured by the Operations Group carry a low risk of the use of child labour and forced labour.

**Steps taken during last financial year to prevent and reduce risk that forced labour and child labour used in supply chain [Section 11(1) of the Act]**

As the ultimate parent entity for the Great North Group, Dril-Quip has a number of policies, procedures, and processes in place which reduce risk in Dril-Quip's global operations and supply chain, including reducing the risk of the use of forced labour and child labour, including:

- Code of Business Conduct and Ethical Practices;
  - Conflict of Interest Policy;
  - Human Rights Policy Statement;
  - Anti-Corruption Policy; and
  - Trade Control Policy.
- (collectively, the "**Dril-Quip Policies**").

All subsidiaries of Dril-Quip, including the Great North Group, are expected to comply with the Dril-Quip Policies. Other than providing the policies, no further steps were taken to ensure the Operating Group complies with Dril-Quip Policies during the last financial year.

Other than obtaining verbal confirmation from new employees regarding their age and having in place the Dril-Quip Policies, the Great North Group did not take steps during the last financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere for goods distributed by the Operations Group or of goods imported into Canada by the Operations Group.

**Policies and Due Diligence Processes in relation to forced labour and child labour [Section 11(3)(b) of the Act]**

Dril-Quip has certain internal policies and processes in place to promote and ensure compliance with applicable laws (including in respect of employment and human rights) in Canada where the Operations Group has operations. These policies include an Anti-Corruption Policy, a Trade Control Policy, a Code of Business Conduct and Ethical Practices, and a Human Rights Policy Statement.

With the exception of the Human Rights Policy Statement, those policies do not currently specifically reference child labour and forced labour. The Human Rights Policy Statement explicitly forbids forced labour and child labour in all Dril-Quip operations, including all operations from the Operating Group.

During the hiring process for prospective candidates, the Operations Group generally does not ask that employees provide their age to us. Some positions do require a driver's record or other pre-employment screening, which includes the prospective candidate's date of birth. Neither GNW nor Redco currently requires copies of identification, however, Social Insurance Numbers or work permits are collected to ensure they have the right to work in Canada. 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. All employees are paid their wages via an electronic transaction and receive a pay slip.

The Operations Group has assessed our operational risk for our own employees of child labour and forced labour as low.

#### **Risk Assessment and Management of Risk [Section 11(3)(c) of the Act]**

As of the end of the last financial year the Great North Group had not completed its assessment and identification of which parts of its supply chain which may carry a risk of forced labour or child labour. The Operations Group feels there may risks of forced labour and child labour and its supply chains generally, including with regard to:

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

#### **Forced Labour and Child Labour Remediation Measures [Section 11(3)(d) of the Act]**

The Great North Group is not aware of any forced labour or child labour practices occurring within its supply chain or in its activities. Accordingly, the Great North Group has not undertaken any measures to remediate any forced labour or child labour to date.

#### **Loss of Income - Remediation Measures [Section 11(3)(e) of the Act]**

The Great North Group is not currently aware of any forced labour or child labour practices occurring within its supply chain. Accordingly, the Great North Group has not undertaken any measures to remediate any loss of income relating to any forced labour or child labour to date.

#### **Training to Employees on Forced Labour and Child Labour [Section 11(3)(f) of the Act]**

The Great North Group currently does not provide formal training to its employees on forced labour and child labour.

#### **Assessing Our Effectiveness [Section 11(3)(g) of the Act]**

The Great North Group does not have any policies or practices in place to measure and track the Great North Group's success in preventing and reducing risks of forced labour and child labour in its business and supply chains.

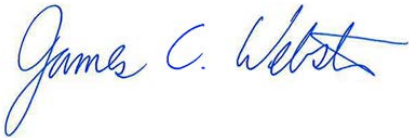
**[Approvals and Attestations of the Report follow.]**



**Approval and Attestation [Section 11(4) and (5) of the Act]**

This Report has been approved by the Board of Directors of Great North Wellhead ULC in accordance with Section 11(4)(b)(ii) 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.

**Great North Wellhead ULC**

Per: 

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Name: James Webster

Title: May 30, 2024

Date: May 30, 2024

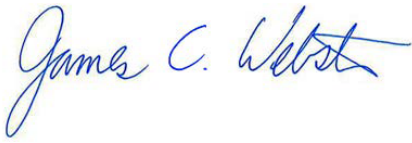
*I have authority to bind Great North Wellhead  
ULC.*



**Approval and Attestation [Section 11(4) and (5) of the Act]**

This Report has been approved by the Sole Director of Redco Equipment Sales ULC in accordance with Section 11(4)(b)(ii) 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.

**Redco Equipment Sales ULC**

Per: 

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Name: James Webster

Title: May 30, 2024

Date: May 30, 2024

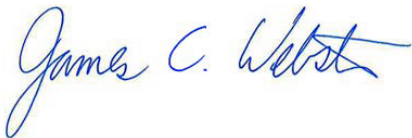
*I have authority to bind Redco Equipment Sales  
ULC.*



**Approval and Attestation [Section 11(4) and (5) of the Act]**

This Report has been approved by the Board of Directors of Dril-Quip UK Canada Holdco Ltd. in accordance with Section 11(4)(b)(ii) 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.

**Dril-Quip UK Canada Holdco Ltd.**

Per: 

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Name: James Webster

Title: May 30, 2024

Date: Director

*I have authority to bind Dril-Quip UK Canada  
Holdco Ltd.*