

LATECOERE

2023 Report under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*

Introduction

This report has been prepared by Avcorp Industries Inc. in response to the requirements under Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Act") for our financial year ending December 31, 2023. Avcorp Industries Inc. carries on business as Latecoere Aerostructures Canada and is referred to in this report as "**Latecoere**."

Latecoere is committed to promoting labour practices that protect the human rights of workers, including preventing and mitigating the risks of forced labour and child labour in our operations and supply chains. We will not engage in or support the use child labour, forced labour, or any form of modern slavery, nor will we conduct business with suppliers or contractors that engage in such practices.

Organizational structure, activities, and supply chain

Latecoere is part of an international group of companies, the Latecoere Group, which supports the world's leading industry manufacturers in the aerospace industry. Latecoere has operated in British Columbia and Ontario, Canada for over 65 years. Our head office is in Delta, British Columbia.

We manufacture and supply aerostructures (including doors, fuselage, wings and empennage, struts and rods and related services) and interconnection systems (including wiring, avionic racks, onboard equipment, electronic systems and related services). Our manufacturing operations are subject to strict quality standards and certifications, including ISO 14001 (Environment), 45001 (Safety) and 9001 (Quality Management).

We are a tier one supplier to leading aerospace manufacturers in Canada, the United States, Japan, and Europe, in all segments of the aerospace industry (commercial, regional, business, defense, and space). We employ approximately 475 full-time and part-time employees in Canada. Certain aspects of our manufacturing operations are performed by employees of the Latecoere Group outside of Canada.

Latecoere procures materials used in manufacturing aerostructures and interconnection systems, and procures specialized equipment and parts to support our operations. In this reporting year, we sourced these materials and equipment primarily from manufacturers in the United States, with some purchased locally in Canada or imported from other countries. Given the high standards of safety and quality required in the aerospace industry, Latecoere has visibility through all tiers of our suppliers, to the raw material suppliers.

Steps to prevent and reduce the risks of forced labour and child labour

This year, Latecoere took the following steps to prevent and reduce the risks of forced labour and child labour in our operations and supply chains:

- We maintained visibility over our operations and supply chain.
- We operated in accordance with the Latecoere Group's Code of Ethics, which states, *inter alia*, that we will not conduct business with any contractors, suppliers, resellers, distributors, consultants or agents who engage in the use of child labour or forced labour.
- We operated in accordance with high standards of safety and in compliance with Canadian laws related to employment and labour, including, but not limited to, laws and regulations concerning minimum wages, maximum hours of work, days of rest, compensation, and the right to collective bargaining.
- We contracted aspects of manufacturing to a subsidiary of the Latecoere Group who is subject to policies, processes, and a Code of Ethics requiring compliance with all applicable laws and regulations concerning human rights, including minimum age verification and prohibitions on the use of forced labour and child labour.
- Our suppliers were subject to compliance with laws, regulations, rules, codes, and standards and the Latecoere Group's Code of Ethics, which prohibit the use of forced labour or child labour.
- Our suppliers continued to be subject to regular quality audits and assessments by Latecoere, our customers, government regulators, and independent third parties, to ensure compliance with our supplier acceptance protocols, legal requirements, and other standards.

Policies and due diligence processes

Latecoere has adopted the values and principles set out in the Latecoere Group's Code of Ethics, which applies to the conduct of the Group's business operations worldwide. The Code is built around our core values of integrity, respect, honesty, quality, and professionalism. It applies to all employees, officers, and directors. In addition, the Group's business partners, including joint venture partners, contractors, suppliers, resellers, distributors, consultants, agents and other third-party representatives, are expected to all extent possible be made aware of the Code and would be expected to apply similar values and principles to their own activities when conducting business with or on behalf of the Group.

The Code of Ethics states that the Latecoere Group will not engage in nor support the use of child labour, the use of forced or compulsory labour, modern slavery, human trafficking, or the employment of illegal foreign labour. Moreover, the Group will not conduct business with any joint venture partners, contractors, suppliers, resellers, distributors, consultants, agents or other third-party representatives if it becomes aware that they engage in any such practices.

To reduce the risks of forced labour and child labour in our supply chains, Latecoere has adopted policies, codes of conduct, programs, and rules to comply with Canadian employment and labour laws, including laws concerning minimum age of work, wages, hours of work, collective bargaining rights, and health and safety. The manufacturing outsourced to the Latecoere Group outside of Canada is subject to inspection and oversight to ensure compliance with our Code of Ethics and all applicable laws and regulations related to labour and employment.

To reduce the risks of forced labour and child labour in our supply chains, Latecoere maintains visibility over our extended supply chain and procures materials and equipment only from approved suppliers. Our quality assurance policies, supplier acceptance protocols, and supplier due diligence programs include but are not limited to the following:

- All suppliers must meet the quality management registration or certifications required by our customers. Latecoere reviews supplier qualifications regularly to ensure ongoing compliance. A certificate of conformance must accompany each delivery of raw materials, supplies, and equipment.

- Suppliers are required to notify Latecoere of any suppliers or sub-tier sources and applicable manufacturing processes in advance. Our suppliers may not relocate or subcontract any work without our prior written approval.
- Suppliers are required to comply with the laws, regulations, rules, codes, and standards of the jurisdictions where the products are sold, and to comply with the Latecoere Group's Code of Ethics.
- All obligations of our suppliers flow down to sub-tier suppliers and subcontractors, and our suppliers are required to make reasonable efforts to ensure that such suppliers and contractors are in compliance.
- Suppliers are subject to ongoing monitoring, audits, and assessments by Latecoere, our customers, government regulators, and independent third parties.

Assessing the risk of forced labour and child labour

The risks of forced labour and child labour increase when there is low visibility over the extended supply chain, where there are few controls to monitor the extended supply chain, and where products and materials are procured from countries that are conflict affected or have weak worker protections.

Latecoere has adopted risk assessment policies and programs to identify risks in our operations and supply chains, in accordance with our internal requirements and Code of Ethics, and our customer and regulatory obligations. We have visibility over our operations and extended supply chain, including the labour conditions of our suppliers and contractors.

Based on our ongoing risk assessments of our operations and supply chains, Latecoere has not identified risks of forced labour or child labour in our operations or extended supply chain. We are committed to continuously improving our approach to identifying and mitigating risks to workers impacted by our operations.

Remediation measures and remediation of loss of income

Latecoere Group has established policies and processes to encourage reporting and remediation of any violation of worker rights. We have internal reporting programs available to workers in our operations to confidentially report any violation of our policies or legal obligations. To date, we have not received any complaints relating to forced labour or child labour in our operations or supply chain, and as such have not taken any remediation measures or remediation of loss of income to families as a result of forced labour or child labour.

Employee training

Latecoere provides ongoing training to employees to comply with Canadian labour and employment laws and uphold our expected standards of conduct. This training includes each new hire reviewing, understanding, and agreeing to our Code of Ethics. Additionally, employees receive annual training on bullying and harassment as well as on health and safety.

Assessing effectiveness

Latecoere has adopted risk management processes to assess compliance in our operations and supply chains. As noted above, we regularly assess and audit our suppliers in accordance with our standards, customer requirements, and regulatory obligations.

Approval and attestation

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 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.

Dated in the City of Delta British Columbia, this 31st day of May, 2024.



Stephane Molinier, Chief Operating Officer

I have the authority to bind the Latecoere Group.