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Bronswerk Marine Inc.

Forced labour and child labour report

2023 Annual Report

1- Introduction

This joint report was prepared under the new Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”) and concerns Bronswerk Group Ltd. (“Bronswerk”) and one of its wholly owned subsidiaries, Bronswerk Marine Inc. The above-mentioned entities hereby report to the Minister of Public Safety and Civil Protection on the various measures taken during their last financial year ended December 31, 2023, to prevent and reduce the risk relating to the use of forced labor or child labor at any stage of the production of goods in Canada or their importation into Canada by the Companies.

2- Measures taken to prevent and reduce risks of forced labour and child labour.

Bronswerk is heavily involved in the different programs under the National Shipbuilding Strategy. As a result, many of Bronswerk’s contracts follow the Industrial and Technological Benefits Policy (ITB), which requires companies to do business in Canada. Consequently, most of our suppliers’ pool is Canadian based while the rest of our suppliers are located mainly in the United States, U.K., France and Eastern Europe, countries where similar law of the Act applies. Bronswerk does not source directly from suppliers located in “emerging markets” where the laws against forced child labor might be less in accordance with the Act.

Bronswerk is continuously striving to work mostly with ISO certified suppliers. When not applicable, Bronswerk strives to work with suppliers that have at least quality systems and code of conduct & ethics. When applicable, this verification is done in accordance with Bronswerk Procurement Process, at the beginning of the supplier validation. However, it is to be noted that Bronswerk still needs to continuously improve in getting renewal of such certifications when available.

During the reporting period, Bronswerk took the following measures to prevent and reduce the risk of forced labor or child labour in its Supply Chain:

- Review of all active suppliers to ensure they meet our qualification standards and corporate requirements.
- Ranking of our suppliers based on key supplier metrics such as spend, performance history, capabilities, and non-conformances, and high-level assessment of the potential exposure to the risk of use of forced labour or child labour.
- Ensure all employees are aware and aligned with our Code of conduct.

Since January 1st, 2024, and going forward, Bronswerk is taking and will be taking the following measures to prevent and reduce the risk of forced labor or child labour in its Supply Chain:

- Update of the Bronswerk General Terms and Conditions of purchase to comply with the Act reinforcement.
- Develop a supplier questionnaire addressing, amongst other things, the forced labour and child labour. With a separate and dedicated section through supplier validation process, Bronswerk will ensure that all their first-tier suppliers comply with the Act. The goal is to have this process in application for all new onboarding suppliers in 2024 and have 100% compliance by 2025 (including current suppliers).

3- Structure, activities and supply chains

Structure

Bronswerk Group Ltd. is a federally incorporated company having its head office in Ontario. It owns 100% of Bronswerk Marine Inc (Bronswerk) a federally incorporated company having its head office in Brossard, Quebec.

Activities

Bronswerk is a global leader of complete marine heating, ventilation, air conditioning and refrigeration (HVAC-R) systems providing turnkey solutions for commercial and military vessels. Bronswerk manages the entire process, from design to commissioning, installation and in-service support.

Bronswerk is recognized for its Naval HVAC system designs, system integration and Mil-Spec equipment manufacturing that comply with all international standards (LR NSR, ANEP 77, DEF STAN 59-411 and MAP 01-470) and meets the most demanding sea environments. Bronswerk is accredited ISO 9001:2015.

The company is also leading as an OEM in Naval equipment, with a full range of shock, vibration, and noise qualified equipment. Bronswerk continues to expand its Canadian and international businesses, with its proven seamless system integration approach and meets the most demanding sea environments.

Supply Chain

Bronswerk's Supply Chain is mainly made of industrial metal manufacturers and electrical suppliers. As per above described, Bronswerk operates in the HVAC and refrigeration for shipyard industry offering a wide range of services. As such, Bronswerk also works with suppliers in the service industry, including but not limited to: Laboratories, calibration equipment suppliers, human resources suppliers, special processes, crates, transport, and logistics. A key role of the supply chain is to ensure that spend is placed with suppliers who meet our qualification standards and business requirements. The supply chain also tracks key supplier metrics, including spend, performance history, and non-conformances.

4- Policies and due diligence processes

Code of Ethics and Business Conduct

Our code of ethics and business conduct (the "Code") establishes the values and expectations that support Bronswerk's ethical approach to business. The Code applies to all employees, directors and officers of Bronswerk. Although the Code does not directly address the child labour and forced labour issues, it affirms Bronswerk's commitment to ensure that all people working on behalf of Bronswerk respect the highest ethical standards. The Code details the standard behavior expected of all employees. It also describes the key responsibility of management within the organization to create a culture which reflects the objectives and standards of the Code.

Senior leaders and executives within Bronswerk Marine must set a prime example. In any business practice, honesty and integrity must be top priority for executives. Executives must have an open-door policy and welcome suggestions and concerns from employees. This ensures that employees feel comfortable discussing any issues and alert executives of concerns within the organization.

Supplier Questionnaire

As previously mentioned, Bronswerk is working on developing a supplier questionnaire. It will address Bronswerk's expectations of suppliers regarding compliance with laws and ethical standards, human rights, health and safety, environment and climate change, Indigenous peoples and local communities, confidentiality and data protection, trade regulation, anti-bribery and anti-corruption, conflicts of interest, and competition. We will require suppliers to submit the duly completed and signed questionnaire before doing business with Bronswerk.

5- Forced labour and child labour risks

Bronswerk considers the risk of forced labour and child labour to be low in our direct operational activities. All employees in Canada are hired in accordance with Canadian Laws and Regulations.

After a first high-level analysis of its Supply Chain, Bronswerk evaluated the risk of having direct first tier suppliers involved in any sort of forced labour and child labour being low. However, Bronswerk is fully conscious of the worldwide risk when it comes to forced labour and child labour activities in manufacturing industry Supply Chain. Therefore, the necessary due diligence will be done as per the measures described above. This will help to identify risk at the first-tier level and ensure the sharing of the responsibility to their own first tier (and so on). Further, more detailed, analysis will be conducted in the next exercise through out the application of the above-described measures.

6- Remediation measures

As of now, Bronswerk did not identified any risk of forced labour and child labour. Going forward, if by applying the measures described above we identify some risks, Bronswerk will develop the necessary measures to address any forced labour and child labour.

7- Remediation of loss of income

Since no risks were identified yet, Bronswerk has not taken any measure to remediate loss of income to the vulnerable families impacted by the forced labour and child labor.

8- Training

Although the Company does not currently provide employee training on forced labor or child labor, every Bronswerk employee must sign a certificate confirming that they have read and understood the Code of Ethics and Business Conduct (the Code).

Any violation by an employee of the Code may result in disciplinary measures and sanctions which may go as far as dismissal, and certain breaches of the Code may give rise to legal proceedings. The Company expects third parties with which it interacts to adopt practices compatible with the Code and could terminate any business relationship with a third-party acting in a manner inconsistent with its values and practices.

During new employees' onboarding program, Bronswerk is reinforcing the Code and is specifically addressing the issue of forced labour and child labour.

Additionally, because the Bronswerk Supply Chain team continually screens potential suppliers and maintains relationships with them, they are very aware of their surveillance role in supporting our policy.

9- Assessing effectiveness

Bronswerk is committed to address the risks of forced labour and child labour in our operations and our supply chains. As described in this report, Bronswerk is working on implementing number of measures to prevent and reduce these risks. No measures have been taken to date to evaluate the effectiveness of these measures.

10- Approval and Attestation

In accordance with the requirements of the Law, and particularly its article 11, I certify that I have read the information contained in the report. Based on my knowledge and after exercising reasonable diligence, I certify that the information contained in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year 2023.

I have the authority to bind Bronswerk.



Francis Fontaine
CEO of Bronswerk Group
May 28, 2024