



Modern Slavery Report 2023

Chantier Davie Canada Inc.

Lévis, Quebec 05 /31 /2024



Modern Slavery Report 2023

Chantier Davie Canada Inc.

This Modern Slavery Report (the "Report") addresses the period from 1 January 2023 to 31 December 2023 and has been prepared on behalf of Chantier Davie Canada Inc. ("CDCI") in compliance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada) (the "Act").

Table of contents

01. Introduction
02. Our Business
03. Our Policies
04. Assessing Our Risk
05. Our Commitments
06. Our Progress and Effectiveness
07. Approval & Signature

01. Introduction

Forced labour and child labour, each as defined in the Act, are crimes and serious violations of human rights. As a leading shipbuilding business, CDCI recognizes the important role that we have in ensuring that our operations and products, and the supply chains that support these, adhere to the highest ethical standards, including the prevention and identification of forced labour and child labour in our supply chain. This Report sets out the steps that we have taken during fiscal year 2023 to prevent and reduce the risk that forced labour or child labour is used at any step in the production of goods in Canada or elsewhere by CDCI or of goods imported into Canada by CDCI.

02. Our Business

CDCI is a ship design, engineering, construction and repair company headquartered in Lévis, Québec. We provide modern solutions to the Government of Canada, including construction of vessels for the Royal Canadian Navy, the Canadian Coast Guard, and other Canadian governmental entities. CDCI has design, engineering, construction and repair and corporate operations in Lévis, Québec, and offices in Montréal, Québec and Ottawa, Ontario, Canada. The goal of CDCI's supply chain department ("Supply Chain") is to obtain the best value and quality for materials, goods and services it procures and to maintain ethical standards in its relationships with its suppliers. Supply Chain is the only authorized agent for CDCI in the procurement of materials, goods and services. All purchases, including purchase commitments and related activities, are managed by Supply Chain.

In total, we procure goods and services from approximately 579 suppliers and contractors. The suppliers that we engage with include businesses that produce and provide:

- Personal protective equipment;
- Consumables for welding, electrical, paint, assembly, etc.;
- Tools;
- Steel, valves, cables, pipes, hose, gaskets, paint, lightning, actuators, connectors, bearings, fasteners, heat shrink, name plates, etc.; and

- Specialized services, including engineers, specialists with technical expertise, and skilled labourers.

Further information about our business can be found in our Economic and Social Contribution Study, available online at: [Davie Shipbuilding Economic and Social Contribution Study – Executive Summary](#).

03. Our Policies

Policies

In our Code of Business Conduct (the “Code”), we outline our values and expectations, setting the bar for our officers’, directors’ and employees’ conduct. We are committed to evolving and improving our approach. We will not tolerate child, forced or bonded labour in any of our operations or by our direct suppliers. We will make legitimate efforts, including through carrying out due diligence and spot audits to monitor the performance of our suppliers, to prevent our activities from having a negative impact on human rights. Our Code asserts our commitment to conducting our business in a lawful and ethical manner. Our Code sets out guiding principles on professional conduct and establishes that in performing their job duties, CDCI employees should always act lawfully, ethically and in the best interests of CDCI.

Due Diligence

CDCI operates a Corporate Management System in accordance with Quality Management Systems ISO 9001:2015 and an Environmental Management System in accordance with ISO 14001:2015. As such, we expect third parties with which we work to adhere to business principles and values similar to our own and to comply with all applicable laws and regulations. Before making any commitments towards third parties, we take steps to evaluate the relationship and mitigate certain risks by carrying out due diligence, that includes Our Supplier Profile Survey, available online at [General Supplier Management Program \(davie.ca\)](#) (“Supplier Survey”). The Supplier Survey requires suppliers to provide important details surrounding their business portfolio, including 3rd party certification to

several standards (ISO, Class, and OHSAS 18001) and whether they have done work or supplied major Canadian defence platforms to the Government of Canada. The latter question is of particular importance, as defence contractors to the Government of Canada must be able to provide a number of certifications, which are outlined on the Government of Canada's website [Code of Conduct for Procurement - Canada.ca](#). They must also comply with the Government's Contract Security Program and the *Defence Production Act* (R.S.C., 1985, c. D-1); both of which require in-depth due diligence conducted by the respective departments within the Government of Canada.

04. Assessing Our Risk

As set out above, we rely on the cooperation of our suppliers and business partners and expect them to meet standards of quality and ethics as set out in our policies and Code, as well as those established for defence contractors by the Government of Canada. The Supplier Survey provides CDCI with an initial identification and assessment of supplier risk, and allows us to manage it accordingly. In the event that we become aware of any concerns within our supply chain that are not in compliance with our standards, we expect that the supplier will implement corrective measures. Continued noncompliance may lead to additional remediation actions, up to and including termination of the business relationship. We plan to develop further tools to assess and manage the more specific risk of forced and child labour in our business and supply chains.

05. Our Commitments

CDCI's Human Resources department works diligently to ensure all workers are recruited voluntarily. Our current processes to prevent and reduce risks of forced and child labour include mapping supply chains.

The following are examples of processes we intend to integrate into a 5-year plan to prevent and reduce risks of forced and child labour:

- Conducting an internal assessment of risks of forced labour and/or child labour in CDCI's activities and supply chains;
- Developing and implementing an action plan for addressing forced labour and/or child labour;
- Gathering information on worker recruitment and maintaining internal controls to ensure that all workers are recruited voluntarily;
- Addressing practices in the organization's activities and supply chains that increase the risk of forced labour and/or child labour;
- Developing and implementing due diligence policies and processes for identifying, addressing and prohibiting the use of forced labour and/or child labour in the organization's activities and supply chains;
- Requiring suppliers to have policies and procedures in place for identifying and prohibiting the use of forced labour and/or child labour in their activities and supply chains;
- Developing and implementing anti-forced labour and/or child labour contractual clauses;
- Developing and implementing anti-forced labour and/or child labour standards, codes of conduct and/or compliance checklists;
- Auditing suppliers;
- Monitoring suppliers; and
- Enacting measures to provide for, or cooperate in, remediation of forced labour and/or child labour.

Remediation Measures

Our Code requires all employees and contract workers of CDCI to report actual or possible misconduct. We also undertake initial diligence efforts (as described in this Report) to mitigate the risk of forced labour and child labour in our business. No instances of forced or child labour were identified in the reporting period, and we therefore did not take any remedial measures. In the event that we discover any forced labour or child labour in our business and supply chains, we commit to taking measures to remediate such forced labour or child labour, including the following:

- Suspension or termination of a supplier, sub-supplier or contractor;
- Actions to prevent forced labour or child labour and associated harms from reoccurring;
- Capacity-building measures, enhanced supervision and/or monitoring of suppliers, sub-suppliers or contractors.

Training

CDCI personnel at all levels are required to comply with the Code. Every new employee of CDCI must agree to comply with the Code, as well as all Provincial and Federal laws. They also complete mandatory onboarding training on our values and policies, including our Code.

06. Our Progress & Effectiveness

As part of our overall business processes, we monitor compliance with our policies by reviewing any concerns raised through informal mechanisms and employee feedback. To date no significant concerns or complaints have been identified.

We hope to develop key performance indicators (KPIs) with respect to human rights, including forced labour and child labour, in the future, that we can review on an annual basis. Examples of methods we hope to use to assess effectiveness include:

- Setting up a regular review or audit of CDCI's policies and procedures related to forced labour and child labour; and
- Working with suppliers to measure the effectiveness of their actions to address forced labour and child labour, including by tracking relevant performance indicators.

07. Approval & Signature

This Report was approved by CDCI's Board of Directors on 31 May 2024, in accordance with paragraph 11(4)(a) of the Act, and has been submitted to the Minister of Public Safety and Emergency Preparedness in Canada. This Report is also available on our company website at [Publications | CDCI](#).

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in this Report for CDCI. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this Report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.



James Davies

President and CEO, May 31, 2024

I have the authority to bind CDCI.