

Fighting Against Forced Labour and Child Labour in Supply Chains Act 2023 Annual Report

1. Introduction

This Report is produced by DEW Engineering and Development ULC (hereinafter referred to as “DEW” or “our” or “we”) for the financial year ending December 31, 2023 (the “Reporting Period”) and sets out the steps DEW has taken 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 or of goods imported into Canada by DEW. This Report constitutes the first report prepared by DEW pursuant to Canada’s new Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”).

2. Steps to prevent and reduce risks of forced labour and child labour

At DEW, the way we act with our customers, our employees and the global community is guided by the following values:

- Dignity - In everything, we do to others what we would have them do to us;
- Integrity - We do what we say, and we say what we mean;
- Customer Focus - We create outstanding value for our customers; and
- Teamwork - We work together to make our company the best.

Dignity and respect for human rights is a fundamental corporate responsibility that impacts all our activities, and we expect all our business partners to share this value.

DEW took the following steps during the Reporting Period to prevent and reduce the risk of forced labour or child labour in our business and supply chains. We provided training on Ethical Business Conduct to applicable employees in March 2023 to raise awareness and facilitate implementation of DEW’s then recently revised Purchase Order Terms and Conditions for Suppliers. The terms were modified to require suppliers to comply with a newly introduced Supplier Code of Conduct which covers a variety of ethical and socially responsible business practices including prohibitions against child and forced labour. During the training employees were given guidance on tools available to them for the confidential reporting of workplace issues or concerns relating to the conduct of our suppliers.

These steps highlight DEW’s commitment to combat the use of child and forced labour in our supply chain and our expectation that DEW suppliers and business partners will do the same.

Details of the above actions are set out in this Report.

3. Structure, activities, and supply chains

DEW is incorporated under the laws of the Province of British Columbia and headquartered in Ottawa, Ontario. With plants in Ottawa, Ontario and Miramichi, New Brunswick, DEW has over 45 years of success in designing, testing, manufacturing, and delivering a broad range of armour and defence equipment.

DEW's global supply chain consists almost entirely of North American and Western European product suppliers, providing ceramics, and other materials, components, items and systems required to manufacture armour and defence equipment.

4. Policies and Due Diligence processes

4.1 DEW's Employee Code of Conduct

In keeping with our values, DEW seeks to provide a work environment where high standards of ethical behavior are recognized, understood, and practiced. To accomplish this goal, DEW has established a Code of Conduct and strives to ensure that every employee is aware of, understands and lives up to our values and the requirements of the Code. We do this with training and by providing employees with safe and confidential resources for them to seek advice and to report concerns. The Employee Code applies to all employees and management.

The Employee Code includes a prohibition against transactions or contracts involving the provision of services or supplies related to or resulting from human trafficking in all its forms including forced labour and slavery. Employees are expected to report any suspected violations of this prohibition.

4.2 DEW's Supplier Code of Conduct

Our Supplier Code details our expectations of suppliers on a variety of matters including in respect of legal compliance, conflicts of interest, anti-bribery and corruption, health and safety, the environment, fair competition, and the human rights of workers.

DEW opposes any form of forced labour or human trafficking. Our Supplier Code of Conduct seeks to promulgate this commitment in our global supply chain. Suppliers are to respect the basic human rights of workers and must:

- not use forced or involuntary labor of any kind, such as prison labor, slave labor, debt bondage, indentured labor, or participate in human trafficking activities;
- not use or employ workers under the age of 15 or the minimum age for employment in the applicable country, whichever is greater;
- employ, promote, and compensate workers based on their ability to perform the work irrespective of gender, race, ethnicity, nationality, religion, age, disabilities, sexual orientation, gender identity, genetic information, pregnancy, marital status, political affiliation, union membership, social association, veteran status, or other status protected by applicable law or custom;

- respect the personal dignity, privacy, and rights of every individual and not tolerate any unacceptable treatment or harassment of individuals, such as harsh or inhumane treatment, sexual harassment or abuse, corporal punishment, mental or physical coercion, or verbal abuse;
- follow all applicable laws for conditions of employment, including maximum hours & overtime and minimum wage & benefits; and
- Our Purchase Order Terms and Conditions for Suppliers specifically require that suppliers comply with our Supplier Code of Conduct.

4.3 Training on Ethical Business Conduct

In March 2023 we provided our employees with training on Ethical Business Conduct generally and with an emphasis on making employees aware that the Act would soon become law and describing DEW's obligations under the new law. The training also made employees aware of new changes to our Purchase Order Terms and Conditions for Suppliers and the introduction of our new Supplier Code of Conduct. We covered a broad range of ethical issues and gave employees examples of the sorts of conduct that conflict with our company values and that are prohibited under the Act and other applicable laws. Employees were reminded of their obligation to report concerns to management either directly or by phone or email through a confidential and anonymous service available 24/7.

5. Assessing and managing our risk

DEW's methodology for identifying risks is most notably based on 1) the watch list screening we conduct on all suppliers to assess legal and ethical risks, and 2) the geographical location of the supplier. Our supply chain is almost entirely made up of suppliers located in jurisdictions that have enacted Modern Slavery laws and which, according to the Global Slavery Index have a relatively low prevalence of forced and child labour.

6. Remediation Measures

To date DEW has not received any reports regarding any risks or incident of forced or child labour. As such no measures have been required to remediate any incident of forced or child labour nor to remediate a loss of income arising from such measures.

7. Training

The training described above and provided in 2023 will continue to be provided to employees on a targeted and regular basis.

8. Assessing effectiveness

While DEW has measures in place to prevent and reduce the risk that forced, or child labour is used in our activities and supply chains we have not yet taken any actions to assess the effectiveness of those measures. We will continue to assess any suspected incidents of non-compliance with our Supplier Code of Conduct and our related policies. In 2024 we intend to update our supplier questionnaires to address additional global compliance matters including modern slavery, child labour and forced labour. We will also consider methods to assess our effectiveness in ensuring that our business and supply chains remain free of forced and child labour.

9. Approval and Attestation

This Report was approved pursuant to subparagraph 11(4)(a) of the Act by the Board of Directors of DEW Engineering and Development ULC.

In accordance with the requirements of the Act, and in particular section 11 thereof, I, the undersigned, attest that I have reviewed the information contained in this report for the entity listed above. 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.

I have the authority to bind DEW Engineering and Development ULC.

Per:  _____

Name: Ian Marsh

Title: President

Date: 28 May 2024