



**2023 Report**

# **Fighting Against Forced Labour and Child Labour in Supply Chains**

# TABLE OF CONTENTS

I.	Statement Development and Approval Summary .....	3
II.	Information Addressing the Requirements of Subsection 11(3) of the Act .....	4
	A. Structure, Activities and Supply Chains .....	4
	B. Policies and Due Diligence Processes .....	6
	C. Forced Labour and Child Labour Risks .....	9
	D. Remediation Measures .....	10
	E. Remediation of Loss Income .....	10
	F. Training .....	10
	G. Assessing Effectiveness .....	11
III.	Steps Taken in the Previous Financial Year in Order to Prevent and Reduce Risks of Forced Labour and Child Labour .....	12
IV.	Conclusion .....	15

# I. STATEMENT DEVELOPMENT AND APPROVAL SUMMARY

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Dragados Canada Inc. (“*Dragados Canada*” or the “*Company*”) has prepared this report on Fighting Against Forced Labour and Child Labour in Supply Chains (“*Report*”), covering the period of January 1, 2023, to December 31, 2023. The Report is made pursuant to section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the Act).

The Report is the product of consultations within the relevant Dragados Canada departments, including Legal, Compliance, Human Resources, Finance, Bidding (Procurement), Quality, Health, Safety and Environmental, and Machinery. These departments operate across our enterprise, including our project entities. This consultation process has supported our enterprise-wide approach against forced labour and child labour.

This Report has been reviewed and approved by the Board of Directors of Dragados Canada Inc., on behalf of Dragados Canada, Inc. on May 16, 2024.

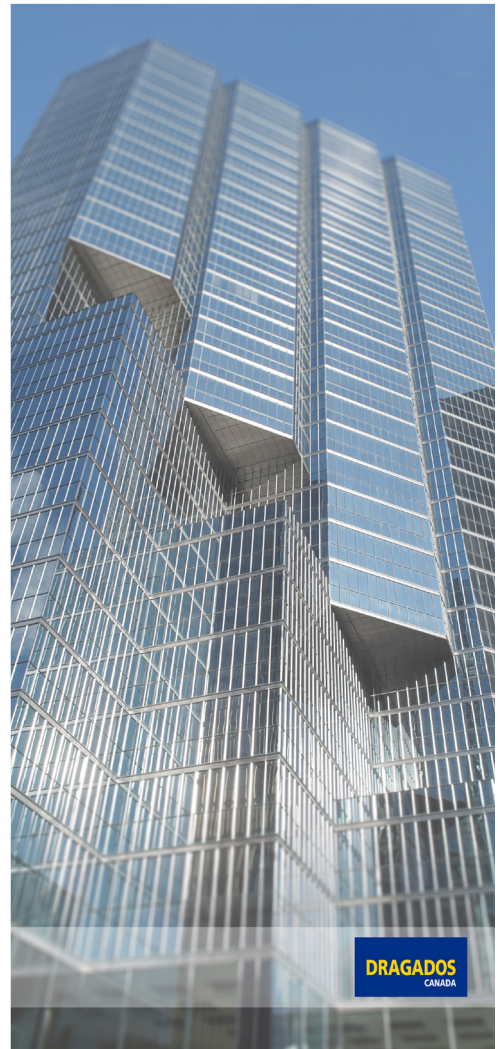


[Jose A López-Monis \(May 29, 2024 17:17 GMT+2\)](#)

**José Antonio Lopez-Monis Plaza**  
Chief Executive Officer of Dragados Canada  
May 29, 2024

*I have the authority to bind 'Dragados Canada Inc.*

*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.*



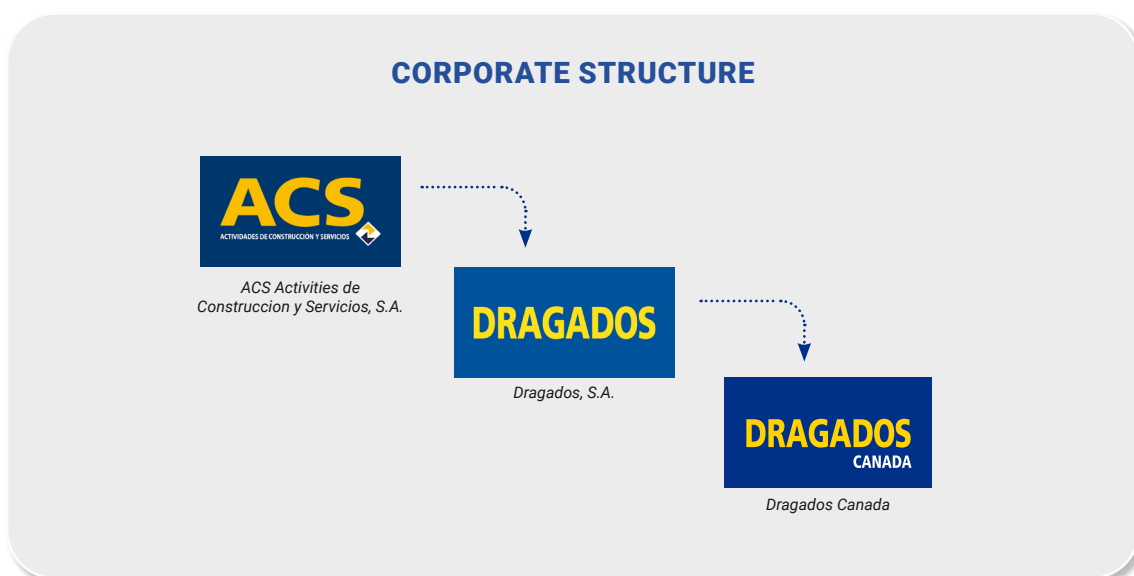
# II. INFORMATION ADDRESSING THE REQUIREMENTS OF SUBSECTION 11(3) OF THE ACT

## A. STRUCTURE, ACTIVITIES AND SUPPLY CHAINS

### STRUCTURE

Dragados Canada is the Canadian construction arm of Dragados, S.A. (“Dragados Group”), itself a subsidiary of ACS Activities de Construccion y Servicios, S.A. (“ACS Group”). ACS Group is a large, publicly traded company comprised of multiple companies and over 128,000 employees worldwide. The ACS Group collectively has over 40 years of experience in developing, financing, operating, and maintaining infrastructure.

Dragados Canada is a corporation registered in 2008 under the *Canada Business Corporations Act* in the Province of Ontario. Its corporate headquarters are in Toronto. The Company has a workforce of over 420 employees, who are based in our offices located in Toronto, Montreal, and Vancouver, as well as on our various projects. We specialize in executing large-scale infrastructure projects across Canada in conjunction with our business partners.



## ACTIVITIES

Our Company mainly focuses on developing heavy civil infrastructure works such as highways, railways, roads, bridges, tunnels, dams, and hydroelectric projects. We operate across Canada, with a particular emphasis on the provinces of Ontario, Quebec, British Columbia, and Newfoundland and Labrador. Our mission is to maintain our position as a global leader in the industry by fostering innovation, enhancing our competitiveness, and delivering value to our clients. At the core of our corporate strategy lies the fundamental principle of conducting our business operations sustainably and responsibly while adhering to the highest standards of business ethics, quality, safety, and environmental stewardship.

## SUPPLY CHAINS

In 2023, Dragados Canada worked with approximately 3200 domestic and international suppliers with key areas of expenditures including materials such as concrete, steel, piping, and asphalt, industrial/engineering consumables such as fuel, lubricants, abrasives, adhesives, sealants, rail components and rolling stock, major plant and equipment such as tunnel boring machines and mineral processing equipment, personal protective equipment (PPE), subcontractors such as electricians, plumbers, glaziers, steel fixers, and other tradespeople, labour hire, insurance, professional services, technology, and telecommunications.

The products and services we procure are utilized in developing, designing, financing, construction, operations, maintenance, and managing projects and related corporate functions. In this regard, parts may be sourced locally or imported.

In addition to procuring products and services, we also engage in procuring services related to corporate support, such as facilities and maintenance, accounting, legal and information technology services, and professional consulting services, such as design and engineering. These services complement our internal resources for either short or long-term engagements as required.



## B. POLICIES AND DUE DILIGENCE PROCESSES

Dragados Canada has maintained, throughout its history, a business commitment with the different persons or entities that interact with the Company and its employees based on ethical principles that guide the functioning of Dragados Canada and are part of our corporate culture.

We are committed to ensuring that there are no human rights violations, including modern slavery or human trafficking, in our supply chains or in any part of our business. Dragados Canada is committed to acting ethically and with integrity in all our business relationships, and we expect the same high standards from all our subcontractors, suppliers, and other business partners.



### OUR POLICIES

#### *Governance and leadership*

Our governance framework is founded on our core values of Integrity, Quality, Client Satisfaction, People, Corporate Citizenship, Accountability, and Honesty underpinned by Safety. These values guide all of Dragados Canada's activities and form the basis of our Code of Business Ethics and Code of Conduct and our Code of Conduct for Business Partners, which set the standard of behaviour we expect from all our employees, subcontractors, and partners.

#### *Compliance*

Dragados Canada's Ethics and Compliance Committee is responsible for overseeing the Ethics and Compliance Program (*the "Program"*), which is designed to continually expand and re-focus on ethics and compliance risks in Dragados Canada's marketplace as they evolve. The Program is focused on anti-corruption, criminal and anti-bribery compliance, competition and anti-trust, and human rights. The Program was implemented following the requirements of **ISO 37001:2016**, and in 2021, after being externally audited, it achieved the **ISO 37001:2016 certification**.

The Program also includes a Compliance Manager, who works with the Ethics and Compliance Committee in managing the Ethics and Compliance Program day to day.

The Ethics and Compliance Committee, with support from the Compliance Manager, is tasked with continuously monitoring and improving the Program.



**Dragados Canada is committed to upholding human rights through a variety of codes and policies, including, among others:**

- **Dragados Canada Code of Business Ethics and Code of Conduct**, which establishes guidelines for all company members to follow as part of its mission, values, and corporate culture. This code emphasizes fairness and ethical behaviour, which includes compliance with all laws and regulations. It is a top-down approach that reflects our compliance culture, binding all employees, including the Board of Directors. All employees are required to read and acknowledge this code.
- **The Dragados Group Code of Conduct for Business Partners**, which sets minimum standards of behaviour expected from business partners, including the protection of human rights.
- **The Dragados Canada Anti-corruption Policy**, which establishes a regulatory framework and some basic rules for the prevention and identification of corruption and bribery activities in the Company's operations and promotes full compliance with anti-corruption and anti-bribery regulations by Dragados Canada.
- **The ACS Group's Human Rights Policy**, which formalizes a due diligence process to identify, prevent, mitigate, and remedy adverse impacts that take place in the scope of its activity and global value chain. This policy establishes responsibility for respecting internationally recognized human rights (including child labour and forced labour) and reporting on the effectiveness of the process.
- ACS Group's Corporate Due Diligence Protocol Regarding Human Rights**, which serves as the system's backbone, establishes the approach and due diligence responsibilities required by ACS for all its employees, divisions, and business partners, providing the means to ensure and verify compliance. Dragados Canada is committed to continue working on the implementation of the outlined commitments in accordance with the objectives set by our parent company.
- **The Dragados Group Policy on Operation of the Ethical Channel**, which details the different channels that can be utilized to report unethical and illegal behaviour, the mechanisms offered to protect subjects involved in a complaint, and the roles and responsibilities, among others.
- **A robust Health and Safety Program**, including over twenty policies which play an essential role in protecting human rights. These policies include the Occupational Health and Safety Policy, Workplace Inspection Policy, Workplace Violence, Harassment and Sexual Harassment Policy, Occupational Health, and Personal Protective Equipment (PPE), among others.





## Procurement

Dragados Canada ensures that all procurement activities are conducted in compliance with applicable laws and conformance to the highest ethical standards in business practices.

Our projects utilize procurement frameworks which prescribe policy, systems, and processes to support supply chain due diligence. Activities include assessing risks in our applicable business sectors, conducting comprehensive due diligence, and vetting subcontractors and suppliers. As part of the framework, our projects have a Procurement Manual or Program that defines the supplier registration and onboarding process, including questionnaires for assessment, a suite of mandatory template commercial contracts (which forbid human rights abuses), and a set of requirements for suppliers' management of their suppliers.

This approach is key for Dragados Canada and its projects, building and maintaining a reliable and trusted supply chain and proactively identifying and managing risks throughout the term of each contract.

PROCUREMENT FRAMEWORKS SUPPORT SUPPLY CHAIN DUE DILIGENCE

<div style="display: flex; align-items: center;">  <div> <p style="margin: 0;"><b>✓ Policy ✓ Systems ✓ Processes</b></p> <ul style="list-style-type: none"> <li>• Assessing risks in applicable business sectors</li> <li>• Comprehensive due diligence</li> <li>• Vetting subcontractors &amp; suppliers</li> </ul> </div> </div>	<div style="display: flex; align-items: center;">  <div> <p style="margin: 0;"><b>Procurement Manual or Program</b> <i>(Defining supplier registration and onboarding)</i></p> <ul style="list-style-type: none"> <li>• Assessment questionnaires</li> <li>• Commercial contract templates</li> <li>• Supplier requirements</li> </ul> </div> </div>
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## OUR DUE DILIGENCE PROCESSES

Dragados Group has implemented a Due Diligence System regarding Human Rights through an analysis of adverse impacts on human rights. The system takes into account both the context of the countries of operation as well as the activities carried out by the companies of the Group. This allows the Dragados Group to ensure that it has the management capacity, tools, and commitments necessary to act with due diligence in its global commercial relationships and operations, while respecting internationally recognized Human Rights at all times, as well as applicable laws on these matters. This assessment includes an analysis of forced labour and child labour risks. The system is based on the 'protect, respect and remedy' pillars of the United Nations' Guiding Principles.

Through this system, each year, Dragados Canada analyzes certain human rights indicators, as well as any changes that may have occurred in terms of risk analysis and the identification of control mechanisms. With this information, annual human rights objectives and improvement actions are established within Dragados Group, and compliance with them is monitored. In addition, every six months and through the Global Compliance Report questionnaire, all Dragados Group companies, including Dragados Canada, report on human rights to our parent company, with the aim of early identification of the risk of human rights due diligence associated with possible non-compliance with applicable laws. To date, Dragados Canada has not identified instances of modern slavery, forced or child labour in its supply chain.

The results of risk assessments are intended to help us continue to improve our policies and processes and to prioritize our ongoing efforts to prevent and, if necessary, mitigate adverse human rights impacts through our own business activities.



In addition to its participation in the **Dragados Group’s global Due Diligence System**, **Dragados Canada aims to identify and mitigate all human rights risks by:**



➤ **Conducting bi-monthly meetings** of the Ethics and Compliance Committee to assess compliance matters. If necessary, the Committee may hold ad hoc meetings. Further, the General Counsel, who sits as chairman of the Ethics and Compliance Committee, and the Compliance Manager meet weekly to assess compliance matters and opportunities for improvement.



➤ **Conducting risk assessments** in different compliance areas to identify risks and identify measures to prevent, detect and mitigate them.



➤ **Implementing policies, procedures, and management systems for recruitment** that require formal, auditable approval procedures, including verification of the candidate’s identity and their right to work in Canada legally.



➤ **Implementing a third-party due diligence process** to evaluate key subcontractors and business partners for ethics and compliance.



➤ **Conducting health and safety workplace inspections** in order to identify any hazards or conditions that may lead to substandard work conditions. In accordance with Dragados Canada’s Workplace Inspection Policy, inspections are conducted on a weekly basis using the workplace inspection program to address site-specific hazards.

## C. FORCED LABOUR AND CHILD LABOUR RISKS

Dragados Canada is committed to combating the use of forced labour and child labour. This commitment is an essential part of our global perspective and a fundamental principle that shapes our daily operations. We expect our business partners, suppliers, contractors, and clients to share our dedication to ethical standards.

We understand that the construction industry is susceptible to the risks of forced labour and child labour. Therefore, we adopt a proactive approach to mitigate these risks. As detailed in this report, we have implemented various policies, processes, and practices to manage and prevent forced labour and child labour risks in our supply chain. Our approach, due diligence, and assurance are facilitated by collaboration between specialist functions in Dragados Canada, including Operations, Human Resources, Bidding, Procurement, Legal, Compliance, Quality Assurance, IT, Health, Safety, and Environmental.

Our supply chains may include different participants, such as subcontractors, suppliers, recruitment agencies, and various specialized service providers, depending on the specific needs of each project. As a company that procures goods and services from Canada and abroad, we have committed to avoiding purchasing “at-risk” goods and services that may unintentionally contribute to the use of forced labour and child labour. We achieve this through our due diligence processes and by utilizing a suite of agreement templates and contracts, including supplier controls and adherence to the Code of Business Ethics and Code of Conduct or equivalent codes in our projects.

We recognize that our role in preventing forced labour and child labour extends beyond our organization, and we are proud of our efforts to foster a sustainable and ethical construction industry.

## D. REMEDIATION MEASURES

Dragados Canada has not identified instances of forced or child labour in our activities or supply chains. Therefore, no remediation measures have been taken.

In this regard, the Company encourages a culture of open communication among our employees, subcontractors, and other third parties to report any potentially unethical or illegal practices, particularly those involving human rights grievances. To facilitate this, Dragados Group has established the Ethics Channel, which is a grievance mechanism available 24/7 to all employees and third parties to report any unethical behaviour and misconduct that may violate policies, laws, or regulations. The Ethics Channel is secure, accessible, free of charge, and administered by a third party. Reports may be made anonymously, and we uphold a strict commitment to non-retaliation.

In addition, the Company offers ordinary channels for employees and third parties to report any concerns. These channels include reporting to the direct line manager, the concerned director, a member of the Ethics and Compliance Committee, or the Compliance Manager. Reports can also be made through ordinary post.

## E. REMEDIATION OF LOSS OF INCOME

We have not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in our activities and supply chains.

## F. TRAINING

Dragados Canada is committed to providing comprehensive training to all its employees. As part of our onboarding process, new hires are required to complete mandatory training as soon as they join the company. Additionally, all employees are assigned annual mandatory training in accordance with the Annual Training Plan, which includes various courses proposed by different departments, including compliance.

Compliance with the Code of Business Ethics and Code of Conduct is mandatory for all employees at Dragados Canada. To ensure their understanding and compliance, all employees are required to complete an annual e-learning course on the Code of Business Ethics and Code of Conduct. This course, designed by an external provider, takes approximately 60 minutes to complete and includes several assessment questionnaires to measure the comprehension of each module. The Compliance Department periodically reviews the course content.



In 2023, as part of our commitment to human rights, we created a tailored training program to promote the protection of human rights, increase awareness on this matter, and communicate the Company’s approach, including the Due Diligence process implemented at Dragados Group. This training was assigned to all Dragados Canada employees and was mandatory to complete. Additionally, employees were required to complete mandatory training on anti-corruption, competition laws, harassment, diversity and inclusion, cybersecurity, and other topics as part of the Annual Training Plan. The training also included micro-learning experiences, such as *“Third Parties: How They Impact Us”* and *“Whistleblowing, Reporting & Retaliation.”*

Regarding our supply chain, in 2023, we communicated our Code of Conduct for Business Partners to our key subcontractors and vendors and trained them on it. We will continue to emphasize our commitments in this area.

In 2024, the mandatory Ethics and Compliance training will include a course on *“Modern Slavery and Human Trafficking.”* This training will be assigned to all employees with the aim of promoting our commitment to fighting against forced labour and child labour and providing employees with the tools to identify signs of modern slavery.

## G. ASSESSING EFFECTIVENESS

Our assessment of effectiveness is evidence-based and includes monitoring the achievement of annual objectives, monitoring and analyzing risk and external and internal audit results, monitoring and closeout of corrective action plans, training participation rates, communications engagement, completion of improvement plans and responsiveness to grievances and monitoring corrective actions.



### ASSESSMENT OF EFFECTIVENESS

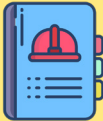
- ✓ Monitoring the achievement of annual objectives
- ✓ Monitoring and analyzing risk and external and internal audit results
- ✓ Training participation rates
- ✓ Monitoring and closeout of corrective action plans
- ✓ Completion of improvement plans and responsiveness to grievances and monitoring corrective actions

### III. STEPS TAKEN IN THE PREVIOUS FINANCIAL YEAR IN ORDER TO PREVENT AND REDUCE RISKS OF FORCED LABOUR AND CHILD LABOUR

Dragados Canada maintains a strong commitment to ethical and legal business practices, and we unequivocally condemn the use of forced labour and child labour in our operations, as well as those of our suppliers and subcontractors. We hold ourselves to the highest possible standards and expect all employees, contract workers, officers and directors, and business partners to conduct themselves with integrity, always adhering to the letter and spirit of all applicable laws, regulations, and rules.

In 2023, we took several actions to enhance our capabilities to identify, mitigate, and prevent the risks of human rights violations, including forced labour and child labour, across our operations and supply chain and to respond effectively to any impacts that may arise. These actions included, but were not limited to:

#### POLICIES AND PROCEDURES

- Continued integration of our **Code of Business Ethics and Code of Conduct** and **Dragados Group Code of Conduct for Business Partners** across the Company, which set out our ethical and legal business commitments, including the respect for human and labour rights. We focused on implementing these codes in new projects, incorporating them into agreement templates, including requirements to adhere to our ethical and compliance policies or to have equivalent standards, and providing training to our employees on the Codes' content, among other actions.
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  - ✓ **Code of Business Ethics and Code of Conduct**
  - ✓ **Human Right Policy**
  - ✓ **Anti-Corruption Policy**
- Implementing the **ACS' Human Rights Policy** in Dragados Canada and requiring all employees to read, understand, and acknowledge this policy, which clearly states our commitment to the eradication of forced labour and child labour.
  - Including clauses in agreement templates with business partners prohibiting the use of forced labour, slave labour or other forms of involuntary labour at work sites.
  - Updating the **Anti-corruption Policy** to include new controls related to donations and sponsorships and changes related to the Ethics Channel of Dragados Group, as described above.

## RISK ASSESSMENT

We conduct periodic execution of comprehensive risk assessments, which involve the retention of external subject matter expert consultants to assist in development of extensive risk and control matrices, document review, and employee interviews. These matrices allows us to systematically identify, evaluate and manage the risks in different areas, including human rights, thereby ensuring that the organization remains resilient to potential threats. Below are some examples of risk assessments conducted:



### i. Human Rights Impact Assessment

We assessed the potential adverse effects on human rights arising from our activities. We developed a Human Rights Risk Matrix setting out the outcome of this evaluation. In 2023, we conducted an annual review of potential impacts and control measures in accordance with the **ACS Due Diligence Protocol on Human Rights**.



### ii. Criminal Compliance Risk Assessment

To identify areas where our company may be exposed to criminal liability, we conducted a criminal compliance risk assessment and identification of controls to produce a Criminal Compliance Risk and Control Matrix. This assessment included the analysis of certain human rights risks such as human trafficking, crimes against workers' rights, crimes relating to sexual harassment, and crimes against natural resources and the environment, among others.



### iii. Anti-Corruption Risk Assessment

The Compliance Department carried out a risk assessment of the Company's bribery and anti-corruption programs in accordance with the requirements of **ISO 37001:2016**. These assessments are periodically conducted to identify and address any significant change in the context of the organization.



### iv. Competition Compliance Risk Assessment

We conducted a thorough assessment of competition and anti-competitiveness risks in accordance with the guidelines of the Competition Bureau of Canada.

## DUE DILIGENCE

- Dragados Canada's Third-party Due Diligence Process, which evaluates potential suppliers, subcontractors and business partners for ethics and compliance during the bidding process. This process involves a thorough examination of third parties for sanctions, watch lists, adverse litigation, Politically-Exposed-People (PEP) lists, and adverse print and social media. Additionally, financial due diligence is conducted for key business partners.
- Recruitment and hiring processes and controls which ensure that all workers are recruited voluntarily.
- Conducting criminal background checks for all prospective employees.

## MONITORING AND REVIEW

- Investigation and monitoring of incidents reported through the Ethics Channel and offering mechanisms to protect whistleblowers.
- Monitoring, reviewing and reporting on indicators to evaluate the effectiveness of:
  - i. Implementation of the ACS Corporate Due Diligence Protocol Regarding Human Rights;
  - ii. The existing prevention, management, and mitigation mechanisms in the Company; and
  - iii. Every six months, through the Global Compliance Report questionnaire, all compliance matters including human rights, with the aim of early identification of risks related to human rights.
- Conducting annual internal and external audits, and annual management reviews, in accordance with the requirements of ISO 37001 (Antibribery Management System), 45001 (Occupational health and safety management systems), and 14001 (Environmental management systems).



# IV. CONCLUSION

Dragados Canada is committed to preventing forced labour or child labour from taking place in our businesses and in our supply chains. We will continue to review our policies, procedures, and practices periodically to determine any enhancements we can make to help prevent force





**DRAGADOS**  
CANADA