



EnWave Corporation

Forced Labour and Child Labour in Supply Chains Company
Assessment

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Background

The measures introduced through former Bill S-211, An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff (the Act), aim to increase industry awareness and transparency and drive businesses to improve practices. There are eight mandatory reporting areas that must be investigated and reported on which include:

- The steps the entity has taken during its previous financial year 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 by the entity or of goods imported into Canada by the entity.
- Its structure, activities, and supply chains.
- Its policies and due diligence processes in relation to forced labour and child labour.
- The parts of its business and supply chains that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk.
- Any measures taken to remediate any forced labour or child labour.
- Any measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains.
- The training provided to Employees on forced labour and child labour.
- How the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains.

EnWave is committed to upholding and respecting human rights across all aspects of its operations and supply chain. This report outlines the approach and initiatives by EnWave to identify and address the risks of forced labour and child labour in its business operations and supply chain during the financial year commencing October 1, 2022, and ending September 30, 2023.

Structure, Activities & Supply Chain Structure

EnWave Corporation (“EnWave”) was incorporated under the Canada Business Corporations Act on July 14, 1999. It trades under the business name EnWave Corporation with its head office at 1 – 1668 Derwent Way, Delta, BC, Canada and is a publicly listed company. EnWave’s business number is 363880-4.

EnWave satisfies the definition of an entity within the Act by having a place of business in Canada, doing business in Canada, having assets in Canada, and being listed on a stock exchange in Canada. In addition to being listed on the Toronto Stock Exchange Venture Exchange (“TSXv”) under the symbol “ENW”, EnWave trades on the Frankfurt Stock Exchange under the symbol “E4U”. EnWave currently has 25 employees working locally at our facilities in Delta.

Structure, Activities & Supply Chain **Activities**

The Company's principal business is the design, manufacturing, and construction of vacuum-microwave dehydration ("REV™") machinery in Delta, BC and the licensing of its intellectual property through royalty-bearing agreements in the food, cannabis, and biomaterial industries. EnWave orders and imports parts and materials from within Canada and outside of Canada, in the manufacturing and construction of our vacuum-dehydration REV™ machines.

EnWave also provides tolling services for companies wanting to contract manufacture dehydrated products on their behalf at the REVworx facility in Delta, BC. Partners purchase consumable goods such as Brussels sprouts, bananas, or avocados which EnWave will process by dehydrating to our partners specifications.

Finished products and completed dehydration machinery is sold within Canada and outside of Canada. EnWave has sold REV™ equipment to a diverse portfolio of companies such as Dole, Bridgford Meat Company, Gay Lea, and Bare Snacks (PepsiCo). EnWave has sold REV™ equipment in over 23 different countries on five continents.

Structure, Activities & Supply Chain **Supply Chain**

EnWave's supply chain originates from the engineering and manufacturing department which requires parts and materials for the construction and fabrication of the REV™ equipment. These parts and materials include among other things, bolts, fittings, pumps, motors, valves, bars/plates of metal and plastic, magnetrons, and power cabinets. EnWave purchases these parts and component parts from suppliers with head office locations in approximately 4 countries: Canada, U.S.A., China, and Sweden. The majority of the parts and component parts, approximately 96%, are sourced from suppliers within Canada and the U.S., 73% and 23% respectively. Approximately 3% of parts and component parts are sourced from China and only 1% is sourced from Sweden.

Policies & Due Diligence

Due diligence is a process to identify and respond to the real and potential adverse impacts of activities throughout the supply chain. The OECD Due Diligence Guidance for Responsible Business Conduct provides a framework for steps to take for the due diligence process which includes embedding responsible business conduct into company policy, identifying, and assessing risk, ceasing, preventing, and mitigating this risk, tracking the results, communicating how these risks were addressed and providing remediation where appropriate.

Current policies

EnWave has the following policies, procedures, and meetings in place regarding safety, ethics, and business conduct:

- EnWave is an equal opportunity employer committed to fostering a healthy and safe work environment for all employees. EnWave is committed to creating and maintaining a workplace environment which fosters mutual respect, integrity, and professional conduct. Responsibilities of employees and management are clearly defined, including procedures for reporting.
- There is an Employee Handbook which is read and signed by new hires and on an annual basis. The Employee Handbook contains Operational, Organization and Corporate Global policies including a Code of Business Conduct and Ethics, Workplace Harassment and Bullying, Diversity and Whistleblower policies. The Whistleblower policy ensures that employees direct their concerns to a designated point of contact, allowing EnWave to promptly address any incidents.
- Weekly management meetings are held to discuss business updates and ongoing operations which provides a platform for addressing concerns and engaging in discussions relevant to Bill S-211.
- Workplace health and safety is discussed at each Board of Directors meeting which are held on a quarterly basis at a minimum.

Due diligence

To date, existing policies and due diligence procedures do not explicitly address forced labour or child labour. This has been identified by EnWave as an opportunity to be developed. EnWave will design and implement policies and procedures to address the risk of forced labour or child labour in its supply chain. Specifically, the following policies will be developed and implemented:

- The existing informal supplier onboarding and evaluation process will be formalized to include a mandatory supplier agreement, including a supplier code of conduct that outlines the expected behaviours and practices related to forced labour or child labour.
- EnWave's Employee Handbook and other internal policies, including ongoing employee training, will be updated to include and discuss the risk of forced labour and child labour in the Company's supply chain to raise awareness.

EnWave maintains strong relationships with critical suppliers which allows for open lines of communication and dialogue if there were ever issues in regard to Bill S-211.

Risk Assessment Company Activities & Supply Chain

EnWave has identified the following areas of risk related to forced labour or child labour in its supply chain:

- Procurement of parts and materials from direct suppliers.
- Tier two and tier three suppliers and the use of intermediaries.

EnWave evaluated and assessed the risk of forced labour and child labour in our supply chain by evaluating the associated spend by supplier over the last two calendar years ("Evaluated Period") and

the inherent risk associated with the parts and materials procured. In review of the spend by supplier, the majority of EnWave suppliers are domiciled in Canada and the United States, comprising 96% of total spend for the Evaluated Period. China comprises 3% of total spend for the Evaluated Period. In review of the US Department of Labour's Goods at Risk List (the "List"), neither Canada nor the United States are on the List. China was included on the List for being at risk of forced labour and child labour with the production of electronics.

EnWave also reviewed the inherent risk of forced labour and child labour associated with the types of parts and materials purchased. Based on the 2023 Walk Free Foundation Report, electronics, which EnWave uses in the manufacturing of REV™ equipment, has a high inherent risk. EnWave sourced electronics from China in the Evaluation Period but the total spend was a de minimus amount.

EnWave has assessed our risk of forced labour and child labour as low due to the majority of goods being purchased in Canada and the United States which have a low prevalence of forced labour and child labour. The risk is higher for tier two and tier three suppliers and the use of intermediaries, but the Company believes the policies described above will mitigate these identified risks in its supply chain.

Remediation Forced & Child Labour & Vulnerable Family Income Loss

EnWave is in the process of understanding and evaluating its supply chain related to the risk of child labour and forced labour. To date, EnWave has not identified instances of the use of child labour or forced labour within their operations or those of suppliers. EnWave is continuing its review of procurement practices to enhance the rigor of its due diligence processes including raising awareness with its suppliers.

Awareness Training

To date, EnWave does not provide awareness training to employees on forced labour and child labour. The Company intends to provide the following awareness training to all employees:

- Employee education and awareness related to the identification, prevention and mitigation of forced labour and child labour in the Company's supply chain. This will include employee training and updating existing policies, such as the Employee Handbook, for the risk of forced labour and child labour in the Company's supply chain.
- EnWave's Employee Handbook is reviewed annually, and attestations signed by Employees with any changes or updates mentioned at the quarterly Townhall. Once included and updated for existing policies for the prevention and mitigation of forced labour and child labour, EnWave will review these annually.
- EnWave currently holds a monthly Joint Health & Safety committee meeting where reported incidents and accidents are reviewed and addressed during the meeting. All incidents and

accidents require reports that are filed and resolved in a timely manner. These meetings can provide a framework to be used for employees to follow regarding reporting incidents of forced labour and child labour.

Conclusion Key Takeaways

EnWave is committed to upholding and respecting human rights across all aspects of its operations and supply chain management. EnWave will continue to develop and implement policies and procedures that address the risk of forced labour and child labour in our organization.

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.



John Budreski, Executive Chairman

I have the authority to bind EnWave Corporation.

May 23, 2024