



Modern Slavery Report 2023

Federal Fleet Services Inc.

Asterix Inc.



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Federal Fleet Services Inc. & Asterix Inc.

This Modern Slavery Report (the “Report”) addresses the period from 1 January 2023 to 31 December 2023 and has been prepared in compliance with *the Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada) (the “Act”). This Joint Report is made on behalf of Federal Fleet Services Inc. and Asterix Inc. (“FFS & AST”).



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1. Introduction

Forced labour and child labour, each as defined in the Act, are crimes and serious violations of human rights. As leading vessel crewing and management businesses, FFS & AST recognize 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 procurement processes. This Report sets out the steps we have taken during Fiscal 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 FFS & AST or of goods imported into Canada by FFS & AST.

2. Our Business

FFS & AST support military, government and humanitarian operations through the construction, ownership, servicing and management of complex, mission-critical ships. We have a corporate office headquartered in Ottawa, Ontario, Canada and most notably own, operate and maintain the MV Asterix Combat Support Ship in the direct operational support of His Majesty's Royal Canadian Navy. The goal of FFS & AST's procurement department ("Procurement") is to obtain the best value and quality for materials, goods and services it procures and to maintain ethical standards in its relations with its suppliers. Procurement acts as the exclusive authorized agent for FFS & AST in the sourcing of materials, goods and services. All purchases, including purchase commitments and related activities, are managed by Procurement.

In total, we procure goods and services from approximately 382 suppliers and contractors. The suppliers we engage with include businesses that produce or provide:

- Original equipment manufacturer parts and services;
- Personal protective equipment;
- Consumables for welding, electrical, paint, assembly, etc;
- Tools;
- Steel, valves, cables, pipes, hose, gaskets, paint, lightning, actuators, connectors, bearings, fasteners, etc;
- Personnel services; and
- Specialized services, including engineers, specialists with technical expertise, and skilled labourers.

3. Our Policies

Policies

In our Employee Hand Book under section 2.01 - Code of 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 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, FFS & AST employees should always act lawfully, ethically and in the best interests of FFS & AST.

Due Diligence

FFS & AST operate a Corporate Management System in accordance with Quality Management Systems ISO 9001 : 2015 and an Environmental Management System in accordance with ISO 14001 : 2015. We are also certified and audited by the following organizations and regulations:

- Transport Canada under the International Maritime Organization (IMO);
- Marine Labour Code (MLC) 2006 issued under the authority of the Canada Shipping Act 2001;
- Marine Personnel Regulations;
- Maritime Occupational Health and Safety Regulations;
- Canada Labour code; and the
- International Labour Organization.

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, which includes requesting the supplier to fill out a Supplier Application Form. The Supplier Application Form includes questions requiring suppliers to provide important details surrounding their business portfolio, including 3rd Party Certification to several standards (ISO, Class, and OHSAS 18001). They must also comply with the Canadian Government's Contractor 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.

4. Assessing Our Risk

As set out above, we rely on the cooperation of our suppliers and business partners and expect them to meet the standards of quality and ethics set out in our policies and Code as well as to comply with industry and Government of Canada standards. The Supplier Form provides FFS & AST with an initial identification and assessment of supplier risk. We would demand that any supplier immediately implement any necessary corrective measures in the event that we become aware of any concerns within our supply chain that are not in compliance with our standards. Continued noncompliance may lead to additional remediation actions, up to and including termination of the business relationship. We plan on developing further tools to assess the more specific risk of forced and child labour in our business and supply chains.

5. Our Commitments

FFS & AST'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 the supply chains.



The following are examples of processes that FFS & AST 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 FFS & AST'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 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 FFS & AST 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 supplier, sub-supplier or contractor.



Training

FFS & AST personnel at all levels are required to comply with the Code. Every new employee of FFS & AST 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.

6. Our Progress and 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:

- Set up a regular review or audit of FFS & AST's policies and procedures related to forced labour and child labour;
- Working with suppliers to measure the effectiveness of their actions to address forced labour and child labour through the tracking of relevant performance indicators.

7. Approval & Signature

This Report was approved by FFS & AST's Board of Directors on May 31, 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 www.federalfleet.ca.

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 Joint Report for FFS & AST. 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.

J. Schmidt

John Schmidt

President

I have the authority to bind FFS & AST.