



## **FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR REPORT**

### **1. Introduction**

This report constitutes the first report prepared by Virtek Vision International Inc in response to the reporting requirements under Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Act"). This single report (the "Report") is made by Virtek Vision International Inc ("Virtek"). The Report covers the Virtek's activities from May 1, 2023 to April 30, 2024 (the "Reporting Period").

The Report outlines the steps Virtek has taken during the Reporting Period to prevent and reduce the risk that forced labour or child labour (each defined in the Act and together referred to as "modern slavery") is being used in our business and supply chain. This report will be published annually to chronicle our ongoing journey to protect human rights and reduce the risk that modern slavery is being used in Virtek's operations and supply chains.

### **2. Steps Taken in the Previous Financial Year to Prevent and Reduce Risks of Forced Labour and Child Labour**

Virtek believes that ethical business practices are fundamental to the long-term sustainability. We acknowledge that we are embarking on an extensive journey to understand and address modern slavery in our business and supply chain. Virtek is at the early stages of identifying areas of risk in our operations and supply chain and developing an action plan.

In coming years, Virtek will:

- Contract with a third-party provider to begin to assess the specific risks of modern slavery in our supply chains.
- Develop and implement due diligence procedures and processes as part of the supplier onboarding process that will assist in identifying, addressing, and prohibiting the use of modern slavery in their activities and supply chains.
- Create a Supplier Code of Conduct that clearly articulates minimum expectations of ethical compliance from suppliers and require suppliers to confirm compliance.
- Initiate various training and education efforts for Virtek employees to increase awareness around modern slavery and Virtek's risk mitigation process
- Add specific reference to the employees' Code of Conduct relating to modern slavery in our business activities.



### 3. Our Structure, Activities and Supply Chains

#### 3.1 Structure

Virtek is a leading provider of precision laser-based templating and inspection solutions. We serve customers worldwide in the aerospace, prefabricated construction, transportation and manufacturing industries. Our solutions enable customers to produce their products better, faster and at a lower cost. Additional information about our products and services are available on our website at [www.virtekvision.com](http://www.virtekvision.com).

Virtek Vision International Inc. is a Canadian company incorporated in the Province of Ontario, headquartered in Waterloo, Ontario, Canada. Virtek is privately held by an investment fund in the U.S., managed by American Industrial Partners. While Virtek's main facility is in Waterloo, Ontario, it has subsidiaries globally to provide sales and service support to our customers locally

- Virtek Vision International Inc (Canada) – Parent entity with 81 employees
  - Manufacturing, Research & Development, Finance, HR, Sales, Service, Product Management
- Virtek Vision USA, Inc – Subsidiary with 12 employees
  - Sales, Service, Product Management for our customers in the U.S.
- Virtek Vision UK Ltd – Subsidiary with 4 employees
  - Sales, Service for our customers in Europe
- Virtek Vision Deutschland GmbH – Subsidiary with 8 employees
  - Sales, Service for our customers in Europe and Asia-Pacific regions

#### 3.2 Activities

Virtek is a market leader and pioneer in industrial laser projection and inspection solutions. Continuously innovating technology that provides the best-in-class performance, reliability and quality. We help make the manufacturing process more productive by eliminating manual measurement, quality control steps and physical templates.

Virtek's proprietary products provide solutions for the following markets: aerospace composites, industrial fabrication, pre-fabricated construction, automotive and wind.

Virtek's manufacturing operations are solely at our Waterloo, Ontario location. All goods sold globally are exported from this location. All research and development, hardware and software development, is based from our Waterloo headquarters.

#### 3.3. Supply Chains

Virtek works with many direct suppliers to source materials and services, most of which are primarily based in Canada (57%) and some located in other countries (U.S. 30%, Europe 9%, China 4%). Although the majority of our materials and services are sourced from suppliers located in Canada, we acknowledge that numerous suppliers provide us with products originating from other jurisdictions, each with their own global supply chains. At Virtek the procurement process is currently managed by the Supply Chain Manager.

These suppliers are from a wide range of sectors, including electronic components, computers & peripherals, laser source, galvanometers, sheet metal, aluminum machined/fabricated parts and optical components.

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#### **4. Policies and Due Diligence Processes in Relation to Forced Labour and Child Labour**

We are in the process of reviewing our existing policies in the context of modern slavery considerations and we plan to further embed a due diligence process into our operations that will support risk identification, mitigation and remediation.

##### **4.1 Code of Conduct Policy**

Our Code of Conduct establishes the values and expectations that underpin the ethical approach to business of the Virtek group. The Code of Conduct applies to all employees, directors and officers of Virtek. While the Code of Conduct does not directly speak to issues of child and forced labour, it affirms Virtek's commitment to ensuring everyone working on behalf of Virtek adheres to the highest ethical standards. The Code of Conduct details the standard of behaviour expected from all employees. It also outlines the key responsibilities of leaders within the organization to foster a culture that reflects the Code of Conduct's goals and standards. Virtek's Code of Conduct addresses matters such as conflicts of interest, protection and proper use of corporate assets and opportunities, confidentiality of corporate information, fair dealing, compliance with laws, and reporting of any illegal or unethical behaviour. Our employees have a duty to report in good faith any real or potential violation of the Code of Conduct.

Virtek supports whistleblower procedures are embedded into the Code of Conduct Policy, including the phone number and online portal (through a third-party service). This third-party service is used to manage reported submissions. These reports are addressed and investigated through the Ethics Committee. Confidentiality and legal obligations are maintained throughout the investigation process.

#### **5. Forced Labour and Child Labour Risks**

As previously stated, our Code of Conduct establishes the values and expectations that underpin the ethical approach to business of the Virtek group. Virtek is at the early stages of identifying areas of risk in our operations and supply chain and developing an action plan.

#### **6. Measures Taken to Remediate Forced Labour or Child Labour**

At this time, Virtek has not identified instances of forced or child labour in its activities or supply chains. As such, no remediation measures have been taken to date. Virtek will continue our development plan to assess its activities and supply chains and consider appropriate means of remediation for forced or child labour should they arise.

#### **7. Remediating the Loss of Income to the Most Vulnerable Families**

No measures have been taken in this area.

#### **8. Training Provided to Employees on Forced Labour and Child Labour**

No measures have been taken in this area.



## 9. Assessing Our Effectiveness

No measures have been taken in this area.

## 10. Attestation Statement

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.

A handwritten signature in blue ink that reads "K. Campbell".

Katherine Campbell  
Senior Director, Finance and Director  
May 31, 2024  
I have the authority to bind Virtek Vision International Inc.