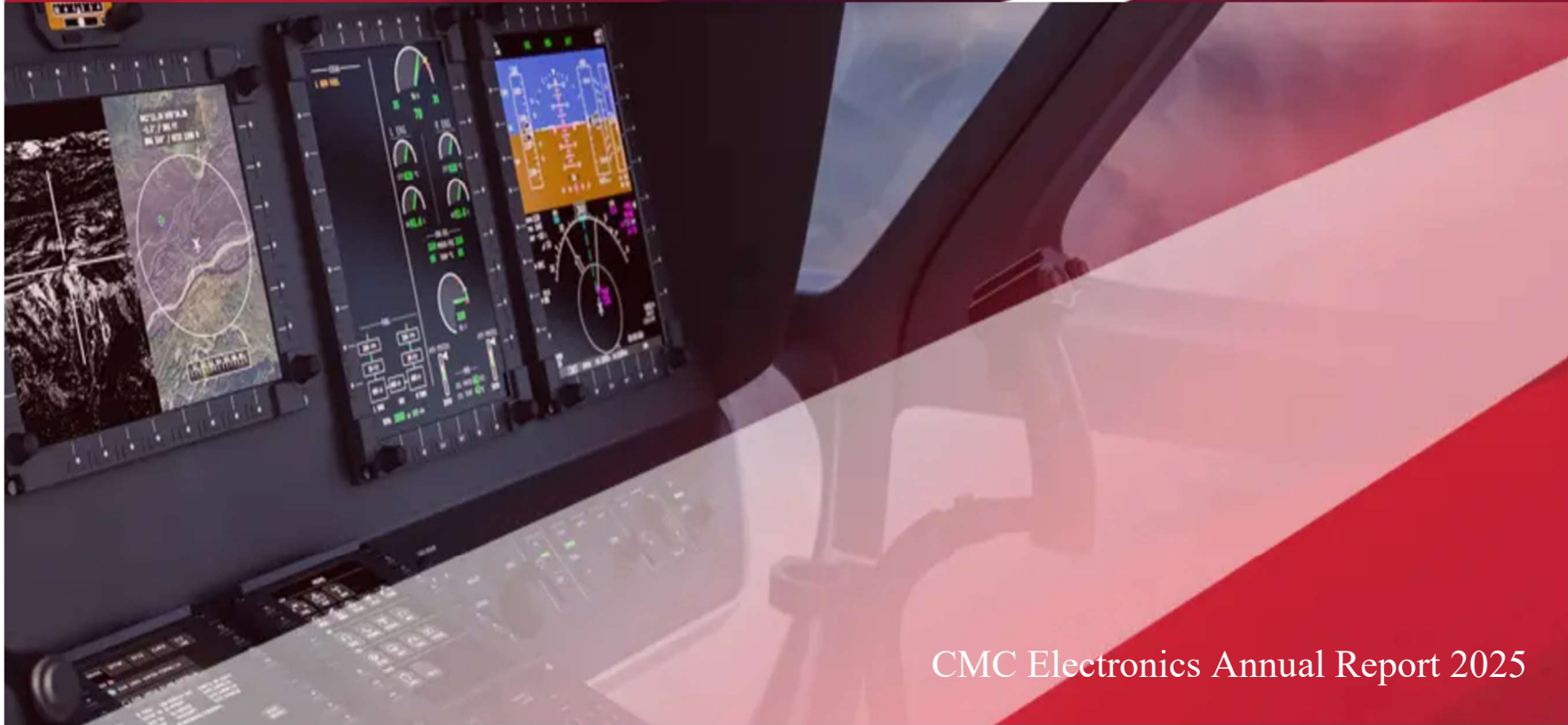


FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS



CMC Electronics Annual Report 2025



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CMC Electronics Inc.

Fighting Against Forced Labour and Child Labour in Supply Chains Act
2025 Annual Report

INTRODUCTION

This report is submitted in accordance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* and constitutes CMC Electronics Inc.'s disclosure for the fiscal year ending September 30, 2024 (**the Reporting Period**). It outlines the actions we have taken to prevent, identify, and address the risks of forced labour and child labour within our operations and supply chains.

The report is a report (the **Report**) made by CMC Electronics Inc. for the financial year ended September 30, 2024 (the **Reporting Period**).

CMC Electronics Inc. (**CMC**), incorporated under the federal laws of Canada, is headquartered in Montreal, Quebec.

As of May 21, 2025 had 637 employees located in Canada

CMC Electronics Inc. designs and manufactures cutting-edge commercial and military avionics

This Report sets out the steps taken to prevent and reduce the risk that forced labour or child labour is used at any step of the import of goods into Canada by CMC Electronics Inc.

COMPANY

CMC Electronics Inc. (CMC) as founded in 1903 as a Canadian avionics manufacturer located in Montreal, Quebec with additional facility in Sugar Grove, Illinois, United States. For decades, CMC's cockpit solutions have been leading the way to better safety reliability, situational awareness, and mission effectiveness in the aviation industry.

CMC established policies and procedures to comply with the global trading laws and regulations. Our Supplier Risk Management program is developed for forming mutually beneficial relationships with suppliers, identifying and mitigating legal, finance, trade compliance and reputation risks that may exist in our operations and supply chains. CMC recognizes the risks of forced labour and child labour exist and understand managing these risks requires a collaboration with our suppliers, workforce and stakeholders.

This report (the Report) outlines CMC's governance processes, current measures and the establishment of new additions to the existing policies and procedures in the 2024 fiscal year to limit the risk of using forced labour and child labour in our supply chains.

BUSINESS STRUCTURE, ACTIVITIES AND SUPPLY CHAINS

CMC has three primary operating business units: Integrated Solutions, Displays and Sensors, Navigation Systems. Our team designs and manufactures avionics systems supporting 70% military and 30% commercial sales transactions.

Integrated Solutions:

- Complete and partial cockpit solutions leveraging extensive systems integration
 - Flexible and open-architecture solutions for forward-fit and retrofit applications
 - Federated solution allowing selection of best-in-class avionics systems
- Incorporating CMC's latest generation technologies
 - Avionics computer: the world's first multicore avionics computer
 - Multi-Function Display: the latest generation of smart displays
 - Core flight and navigation software applications
- Serving civil and defense fixed wing and rotary wing markets
 - Over 600 military cockpit solutions delivered globally

Mission Systems:

- Displays, control devices and sensors tailored to specific customer needs
 - Sophisticated display and control devices developed for a broad range of OEMs and integrators
 - Hybrid integrated circuits and multichip modules for military applications and sensors for laser range/laser spot tracking and LIDAR applications

- Classic products with unique capabilities
 - Enhanced vision systems: infrared camera systems with over 1,500 units delivered
 - TacView: More than 1,500 portable mission computers deployed in military, paramilitary, law enforcement and civil applications
 - Doppler velocity sensors: over 5,000 units deployed, used for GPS-denied and autonomous navigation

Navigations Systems:

- Multiple generations of products and systems with fully-integrated civil and military capabilities
 - Over 12,000 Flight Management Systems (FMS) sold
 - Over 30,000 GPS sensors delivered
- Civil certified FMS with a wide variety of mission functions for fixed wing and rotary wing platforms
 - Configurability allowing OEMs to adapt to specific requirements
 - Flexibility to support OEMs in defining functions providing aircraft level discriminators
 - Deployed on a large number of military platforms
- Highly reliable and technology-leading family of GPS receivers for demanding environmental and mission applications

CMC's Supply Chain Team works with suppliers, agents, consultants, and other third parties who share the same commitment enforcing the compliance of the global trading laws and regulations. Our global suppliers provide a wide range of goods and services including hardware components, software, lab and test services from the various countries of origin.

POLICIES AND PROCESSES

CMC is committed to preventing forced and child labour. To support this commitment, we established a core committee led by a member of the executive management team, with representatives from Finance, Supply Chain, Human Resources, Quality, and International Trade Compliance. This committee regularly reviews our practices and meets when required to ensure alignment of

key policies—Transaction Due Diligence (TDD), Vendor Management, training and Risk Management—to identify and assess potential risks.

Our policies are grounded in international standards and best practices, addressing a broad range of issues, including the prevention of forced and child labour within our supply chains. We view ethical conduct as integral to our governance culture, extending beyond mere compliance. As part of our evolving approach, our policies are regularly reviewed following their adoption, and we will uphold an anonymous reporting mechanism for employees to raise concerns or report potential violations.

TRANSACTION DUE DILIGENCE

The Transaction Due Diligence (TDD) Policy is designed to validate the bona fides of all transactions. It outlines the necessary steps for conducting thorough due diligence, including Prohibited Party Screening, Know Your Counterparty procedures, Red Flag Checks, and reviews for sanctions, embargoes, and unsanctioned boycotts—applicable to both international and domestic transactions. All suppliers, vendors, contractors, consultants, agents, and other service or goods providers engaged by CMC are required to comply with the TDD Policy.

CODE OF CONDUCT

CMC's Code of Conduct reflects our commitment to integrity, sustainability, and social responsibility in all aspects of our operations. It outlines the ethical and responsible business practices expected of our employees and Suppliers. The Code applies not only to our direct Suppliers but also extends to their own supply chains.

CMC expects all suppliers to uphold high standards of ethical conduct, legal compliance, and responsible business practices. This includes respecting human rights, maintaining fair labour conditions, promoting health and safety, and operating in an environmentally and socially responsible manner. Suppliers must also ensure that these standards are upheld throughout their own supply chains.

To formalize this commitment, suppliers are required to acknowledge and accept CMC's Code of Conduct as a condition of doing business with us.

WHISTLEBLOWER PROTECTION

CMC has established whistleblower procedures, through its Code, and its Policy contain provisions encouraging anyone who becomes aware of a violation of our Policies to speak up. The Policies will provide an anonymous reporting line that can receive complaints made by Suppliers or their workers, as provided for by the Code.

To protect whistleblowers, the Policy prohibits retaliation against any person for reporting, in good faith, contraventions of the Policy, or for filing a complaint or testifying, assisting or participating in any manner in any investigation or hearing conducted by a government enforcement agency, as provided for by the Code.

ASSESSING AND MANAGING RISK

CMC recognizes that the highest risk of exposure to forced labour and child labour lies in sourcing goods and services from suppliers operating in higher-risk countries. To mitigate this, all employees engaging with suppliers are required to use a third-party screening application to check individuals, businesses, and countries against the most current restricted, denied, and prohibited party lists issued by both government and non-government entities. This ensures that CMC does not engage in transactions with prohibited entities under applicable laws and regulations.

CMC also employs automated daily database screening of our business partner against these lists to ensure continued compliance. If a potential match is identified, the matter is escalated to the International Trade Compliance (ITC) Site Lead, who:

- Check restrictions for the particular hits;
- Decide business action required;
- Override or deny hit;
- Record reason;

Understanding that the risks of forced and child labour are complex, evolving, and often hidden, CMC is committed to continuous risk mitigation and responsible relationship management throughout our procurement processes, in alignment with applicable legislation.

To gain deeper visibility into our supply chain and better detect areas of vulnerability, we have partnered with a third-party service provider to conduct a comprehensive risk assessment. This collaboration supports our efforts to proactively identify and address potential links to forced and child labour.

Our approach includes:

1. Direct Supplier Engagement

Using the industry-standard Slavery and Trafficking Risk Assessment Tool (STRT) assess risk exposure.

2. Ongoing Third-Party Monitoring

In addition to direct engagement, we conduct ongoing reviews using publicly available data sources. These include social media content, NGO and academic reports, government sanctions and denied party lists, adverse media, and other intelligence to help us make informed decisions about our suppliers and third-party relationships.

REMEDIATION MEASURES

As CMC has not identified any forced labour or child labour in its business or supply chain, it has not had to take any measures to remediate any forced labour or child labour or to remediate any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in our activities or supply chains

TRAINING

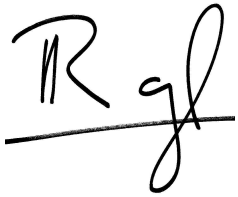
In addition to the Code of Conduct, Human Trafficking, and Forced and Child Labour training, CMC has implemented mandatory Trade Compliance Overview Training as part of its employee onboarding program. All employees are required to complete these trainings and renew their certifications on an annual basis which reinforces CMC's commitment to upholding both domestic and international regulations and ensuring regulatory compliance across our operations.

APPROVAL AND ATTESTATION

This Report was approved pursuant to subparagraph 11(4)(b)(i) of the Act by the boards of directors of CMC Electronics Inc.

In accordance with the requirements of the Act, and in particular section 11 thereof, we, the undersigned, attest that we have reviewed the information contained in this report for the entity specified below. Based on our knowledge, and having exercised reasonable diligence, we attest that the information in this joint report is true, accurate and complete in all material respects, for the purposes of the Act, for the Reporting Period specified above.

I have the authority to bind CMC Electronics Inc.

A handwritten signature in black ink, consisting of the letters 'PR' followed by a stylized 'gl' and a horizontal line underneath.

Pierre Rossignol
President - CMC Electronics Inc.

Date: 22 May 2025