



Modern Slavery Report 2024

Chantier Davie Canada Inc.

Lévis, Québec 05/31/2025



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This Modern Slavery Report (the "Report") addresses the period from 1 January 2024 to 31 December 2024 ("Reporting Period") and has been prepared by Chantier Davie Canada Inc. ("Davie," "we," "us," or "our") in compliance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada) (the "Act").

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01. Introduction

Forced labour and child labour, each as defined in the Act, are crimes and serious violations of human rights. As a leading shipbuilding business, Davie recognizes the important role that we have in ensuring that our operations and vessels, and the supply chains that support these, adhere to the highest ethical standards, including the prevention and identification of forced labour and child labour. This Report sets out the steps that we have taken during the Reporting Period 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 Davie or of goods imported into Canada by Davie.

02. Our Business

Davie is a Québec corporation headquartered in Lévis, Québec, that is in the business of designing, engineering, constructing, and repairing vessels. We provide modern solutions to the Government of Canada, including construction of vessels for the Royal Canadian Navy, the Canadian Coast Guard, and other Canadian governmental entities. Davie has design, engineering, construction, repair, and corporate operations in Lévis, Québec, and has corporate offices in Montréal, Québec, and Ottawa, Ontario, Canada. Davie employs 818 people in Canada, who consist primarily of engineers, workers, skilled labourers, as well as administrative and executive staff.

The goal of Davie's Supply Chain Department (our "Supply Chain Department") is to obtain the best value and quality for materials, goods, and services it procures and to maintain ethical standards in its relationships with its suppliers. Our Supply Chain Department is the only authorized agent for Davie in the procurement of materials, goods, and services. All purchases, including purchase commitments and related activities, are managed by our Supply Chain Department.

In 2024, we procured goods and services from approximately 781 suppliers and subcontractors, the vast majority of which were located primarily in Canada. There were also a number of suppliers from Great Britain, Finland, the United States, and very few from

Romania, Sweden, and the Netherlands. The suppliers we engage with include businesses that produce and provide:

- personal protective equipment;
- consumables for welding, electrical, paint, assembly, etc.;
- tools;
- steel, valves, cables, pipes, hoses, gaskets, paint, lightning, actuators, connectors, bearings, fasteners, heat shrink, name plates, etc.; and
- specialized services, including engineers, designers, specialists with technical expertise, and skilled labourers.

Further information about our business can be found in our Economic and Social Contribution Study, available online at: [Davie Shipbuilding Economic and Social Contribution Study – Executive Summary](#).

03. Our Policies and Due Diligence

Policies

In our Code of Business Conduct (the “Code”), we outline our values and expectations, setting the standard and expectations for our officers’, directors’, and employees’ conduct. We are committed to evolving and improving our approach. 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, Davie employees should always act lawfully, ethically, and in the best interests of Davie.

Over the course of the Reporting Period, Davie undertook significant efforts to revise and modernize the Code. Part of this exercise included enhancing the Code in light of the Act and other legal and ethical requirements. Davie intends to finalize this development in the next reporting periods.

During the Reporting Period, Davie also expended significant efforts to develop a Supplier Code of Conduct (“Supplier Code”), which is based on best practices in Canadian industry as well as Davie’s legal obligations under the Act. We intend to publish the Supplier Code on our website, and we will require our suppliers to adhere to same. The Supplier Code was not finalized in the Reporting Period; however, Davie is intent on concluding this important initiative within the subsequent reporting periods.

Due Diligence

Davie operates a Corporate Management System in accordance with Quality Management Systems ISO 9001:2015 and Environmental Management Systems ISO 14001:2015. As such, we expect the third parties with whom we work to adhere to business principles and values similar to our own and to comply with all applicable laws and regulations. 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 those established for those businesses that contract with the Government of Canada.

Before making any commitments towards third parties, we take steps to evaluate the relationship and mitigate certain risks by carrying out due diligence, that includes our Supplier Profile Survey, available online at [General Supplier Management Program \(dave.ca\)](https://dave.ca) (“Supplier Survey”). The Supplier Survey requires suppliers to provide important details surrounding their business portfolio, including third-party certification to several standards (ISO, Class, and OHSAS 18001) and whether they have done work or supplied major Canadian defence platforms to the Government of Canada. The latter question is of particular importance, as contractors to the Government of Canada must adhere to the Government of Canada’s [Code of Conduct for Procurement – Canada.ca](https://www.canada.ca/en/govcanada/procurement/code-of-conduct.html) (“Canada’s Code”). Section 10 of Canada’s Code outlines the requirements for Canada’s contractors and their subcontractors to “respect their workers’ workplace rights, and take steps to mitigate human trafficking risks and monitor compliance of labour and human rights in their supply chain.”¹

¹ Canada’s Code, s. 10, para 1. Online: [Code of Conduct for Procurement – Canada.ca](https://www.canada.ca/en/govcanada/procurement/code-of-conduct.html).

Businesses that contract with the Government of Canada, including prime contractors like Davie and also those in the supply chain, must also comply with the Government's Contract 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.

In the Reporting Period, Davie took steps to develop a third-party vetting process. We developed a plan to engage a third-party vetting agency to perform international due diligence on third parties on the basis of corruption, bribery, fraud, and forced labour or child labour. The development of our third-party vetting process was in its infancy during the Reporting Period; however, Davie intends to continue development of this process with the goal of finalization in subsequent reporting periods.

04. Assessing Our Risks

We recognize that we may be indirectly linked to a risk of forced labour or child labour because of our business activities, and that certain sectors in our supply chain (including the procurement of materials and labour) may pose a higher risk of forced labour or child labour. We rely on our policies and due diligence processes outlined in the Report to manage the risks of forced labour and child labour in our business and supply chains. Further, the vast majority of Davie's immediate suppliers are based in Canada, which, along with its provinces and territories, generally have pre-existing and robust labour, employment, and human rights legislation that helps to mitigate the risk of modern slavery in our operations and supply chain.

The Supplier Survey provides Davie with an initial identification and assessment of supplier risk and allows us to manage it accordingly. We also currently map our supply chains to assist us in assessing our risk of forced labour and/or child labour in our business and supply chains.

In an effort to mitigate risk and provide legal recourse in the event of discovery of forced labour or child labour in Davie's supply chain, Davie developed and implemented corporate

integrity and compliance contractual clauses (“Compliance Clauses”) over the course of the Reporting Period. They have been incorporated into major Supply Department subcontracts and they provide that any breach of the Compliance Clauses constitutes a material breach of the agreement, which, in turn, allows Davie to either suspend the agreement until the breach is satisfactorily remedied or terminate for default. The Compliance Clauses require the subcontractor or supplier to:

- comply with applicable anti-corruption, anti-bribery, and anti-influence-peddling laws, regulations, and policies;
- comply with its respective code of ethical conduct;
- comply with applicable environmental laws;
- comply with applicable anti-forced labour and child labour laws, including the Act; and
- comply with all applicable laws regarding the collection, retention, use, processing, disclosure, transfer, and protection of personal information under applicable privacy laws.

In the event that we become aware of any concerns within our supply chain that are not in compliance with our standards, we expect that the supplier will implement corrective measures. As provided in the Compliance Clauses, continued non-compliance may lead to additional remediation actions, up to and including termination of the business relationship.

05. Our Commitments

Davie’s Human Resources Department works diligently to ensure all workers are recruited voluntarily. We will not tolerate child, forced, or bonded labour in any of our operations or by our suppliers. We will make legitimate efforts, including through carrying out due diligence and spot audits to monitor the performance of our suppliers and to prevent our activities from having a negative impact on human rights. The following are examples of

processes we intend to integrate into a four-year plan to prevent and reduce risks of forced labour and child labour:

- Conducting an internal assessment of risks of forced labour and/or child labour in Davie's activities and supply chain;
- Developing and implementing an action plan for addressing forced labour and/or child labour;
- Addressing practices in the organization's activities and supply chains that increase the risk of forced labour and/or child labour;
- Auditing suppliers;
- Monitoring suppliers; and
- Enacting measures to provide for, or cooperate in, remediation of forced labour and/or child labour.

Davie underwent efforts to develop the following initiatives—however not yet finalized—over the course of the Reporting Period:

- 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 our supply chain;
- Requiring suppliers to have policies and procedures in place for identifying and prohibiting the use of forced labour and/or child labour in their activities and supply chains; and
- Developing and implementing anti-forced labour and/or child labour standards, codes of conduct, and/or compliance checklists.

The following processes were developed and successfully implemented during the Reporting Period:

- Developing and implementing anti-forced labour and/or child labour contractual clauses; and
- Gathering information on worker recruitment and maintaining internal controls to ensure that all workers are recruited voluntarily.

Remediation Measures

Our Code requires all employees and contract workers of Davie 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 labour or child labour were identified in the Reporting Period, and we therefore did not take any remediation measures. In the event that we discover any forced labour or child labour in our business or supply chain, 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; and
- Capacity-building measures, enhanced supervision, monitoring, and spot auditing of suppliers, sub-suppliers, or contractors.

Training

Davie personnel at all levels are required to comply with the Code. Every new Davie employee must complete mandatory onboarding training on our values and policies (including our Code) and agree to comply with the Code and all applicable federal and provincial laws.

06. 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 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:

- Setting up a regular review or audit of Davie's policies and procedures related to forced labour and child labour, including the future Code and Supplier Code; and
- Working with suppliers to measure the effectiveness of their actions to address forced labour and child labour, including by tracking relevant performance indicators.

07. Approval and Signature

This Report was approved by Davie's Board of Directors on the 30th of May 2025, 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 <https://www.davie.ca/en/news/#publications>.

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 Report for Davie. 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 Period listed above.



James Davies

President and CEO, the 30th of May 2025