

## 2024 BABCOCK CANADA INC. REPORT

### Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act

#### 1 Introductory section

- 1.1 This report (“**Report**”) is made pursuant to the Canadian *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”) for Babcock Canada Inc. (“**Babcock Canada**”, “**us**”, “**we**” or “**our**”). Babcock Canada is also considered within the scope of the report submitted by Babcock International Group PLC pursuant to the United Kingdom’s *Modern Slavery Act 2015*.
- 1.2 This Report relates to the financial year ended March 31, 2024 (“**Reporting Period**”).

#### 2 Steps taken to prevent and reduce the risks of forced labour and child labour

- 2.1 In general terms, the steps we have taken during the Reporting Period to prevent and reduce the risks of forced labour and child labour in our operations and supply chains included:
- Maintaining a number of internal policies and processes related to human rights, workplace health and safety and sustainable procurement in an effort to help promote respect for human rights in our business;
  - Monitoring our whistleblower hotline for complaints of any concerns related to human rights issues;
  - Maintaining internal procedures to help ensure that all employees are recruited voluntarily and are legally qualified and of legal age to work within their jurisdiction;
  - Providing our Supplier Code of Conduct to certain [of our [key] [product]] direct suppliers, which includes information regarding anti-modern slavery and human trafficking matters; and
  - Providing regular training to our employees on workplace health and safety, anti-bribery and corruption, and anti-harassment and anti-violence.
- 2.2 Details on the foregoing are set out in this Report.

#### 3 Structure, activities, and supply chains

##### Structure

- 3.1 Babcock Canada is a Canadian federal corporation, and is a member of a larger international group of international defence companies with affiliates operating in the United Kingdom, France, Australasia and South Africa. Babcock Canada engages approximately 450 employees in Canada, including in the provinces of British Columbia, Manitoba, Ontario and Nova Scotia. Babcock Canada does not have any subsidiaries.

## Activities

- 3.2 Babcock Canada's primary operations relate to the provision of technical operational and maintenance services in Canada for the Canadian Department of National Defence's submarines as well as aircraft used to deliver emergency medical services and wild fire suppression services. We do not produce goods within Canada or elsewhere.
- 3.3 Babcock Canada's employees perform roles related to engineering services, project management, technology, procurement, quality control, and administrative functions. Babcock Canada also engages certain subject matter experts in connection with carrying out certain of the specialized and technical aspects of its operations.

## Supply chains

- 3.4 Our group of key direct suppliers is primarily composed of original equipment manufacturers and their authorized service agents from whom we purchase engineered and other high-technology products/services for use and/or installation in our clients' submarines and aircraft. The majority of our direct suppliers are located in Canada, the United States and the United Kingdom. Our imported products are typically limited to those which may only be produced using sophisticated and high-technology production processes as they are required to meet strict and exacting specifications in order to be able to be used for their intended purpose in highly complex equipment, including airplanes and submarines.

## 3 Policies and due diligence processes

### Policies

- 3.1 We have in place a number of policies which are relevant to reducing the risk of forced labour and child labour in our activities and/or supply chains, including:
- (a) Human Rights Policy: This policy describes our endeavour to promote human rights, including our desire to help reduce risks of modern slavery in our business operations. The policy also describes some of our key values, such as the fair and honest treatment of our employees, respect for the rights of freedom of association and collective bargaining and promoting a high standard for workplace and safety matters in our operations activities.
  - (b) Code of Conduct: This code describes our commitment to embedding a culture of respect for human rights throughout our business and to strive for ethical conduct in everything we do.
  - (c) Supplier Code of Conduct: This code of conduct describes our guidelines for all suppliers, including maintaining compliance with all laws and regulations and it addresses modern

slavery matters. We ask our suppliers to similarly commit to endeavour to reduce the risk of any forced labour and child labour in their operations and supply chains.

- (d) Sustainable Procurement Policy: This policy describes our desire to work with suppliers and service providers that demonstrate fair, transparent and equitable sourcing practices and who pay their workforce proper living wages.
- (e) Whistleblowing Policy: This policy describes the process by which an employee may make a complaint without fear reprisal to report any concerns they have regarding Babcock Canada, including any concerns regarding the health or safety of any individual is being, or is likely to be, endangered by the way activities are being carried out.

### **Due diligence processes**

- 3.2 Our standard Supplier Terms and Conditions (which we communicate to certain key product suppliers) state that we strive to work with suppliers that comply with regulatory requirements (including domestic labour laws) of the jurisdiction in which they operate and that also endeavour to eliminate the use of any modern slavery in their operations. We also have in place internal hiring policies and procedures to help us ensure we maintain compliance with applicable domestic labour laws in our recruitment, hiring, pay and other employment practices. Our standard onboarding procedure involves identification verification to ensure we are not employing child labour and to ensure our employees are qualified to work in the relevant jurisdiction.

## **4 Forced labour and child labour risks in our business operations and supply chains**

### **Forced labour and child labour risks in our business operations**

- 4.1 Given that all of Babcock Canada's business operations are conducted in Canada and all of Babcock Canada's employees are located in Canada, we consider the risk of forced labour and child labour occurring within our business operations to be very low if not non-existent. This assessment is also due to the skilled nature of our workforce, as well as our internal policies and procedures to help us maintain compliance with domestic labour and human rights laws.

### **Forced labour and child labour risks in our supply chains**

- 4.2 Given that the majority of our direct suppliers are located in Canada, United States and the United Kingdom and that they produce highly specialized-equipment, we believe that the risk of forced labour and/or child labour as it relates to our direct supply chain is relatively low. However, we acknowledge that risks of forced labour and child labour may exist with respect to those indirect suppliers producing raw materials and located in higher-risks jurisdictions. We acknowledge that no sector involved in the production or importation of goods is assumed to be

completely free from forced labour and child labour risks.

## **5 Steps taken to assess and manage forced labour and child labour risks**

### **Actions with respect to our business operations**

- 5.1 In addition to the measures described in above related to our policies and due diligence processes, we have in place a number of policies and due diligence processes that help support our endeavour to respect the human rights and dignities of all our employees, directors and officers. We also monitor our whistleblower line for any reports of inappropriate actions and/or behaviours which would include any instances of forced labour and/or child labour and we provide our employees with direction on where and how they may access the whistleblower line.

### **Actions with respect to our supply chains**

- 5.2 In addition to the measures described in above related to our policies and due diligence processes, we also have in place contracts with certain of our key product suppliers which incorporate provisions that address forced labour and child labour, including requesting that suppliers take steps to reduce the risks of slavery and human trafficking in their own supply chains and to comply with all applicable anti-slavery and anti-human trafficking laws.

## **6 Remediation measures**

- 6.1 There is nothing to report with respect to measures taken during the Reporting Period to remediate (i) instances of any forced labour or child labour, or (ii) the loss of income to the most vulnerable families that result from any measure taken to eliminate the use of forced labour or child labour in our activities and supply chains.

## **7 Training**

- 7.1 Babcock Canada provides annual training to its employees on topics related to anti-bribery and corruption, health and safety and anti-workplace harassment and discrimination. While this training does not deal directly with modern slavery, it covers related matters in order to help promote a safe and fair workplace for our employees and to foster a culture of respect towards human rights which would then naturally extend to helping reduce the risk of child and forced labour.

## **8 Assessing the effectiveness of our actions**

- 8.1 There is nothing to report with respect to actions taken to assess the effectiveness of Babcock Canada in preventing and reducing risks of forced labour and child labour in its activities and supply chains in the Reporting Period.

**9 Approval**

9.1 This Report was approved by the board of directors of Babcock Canada for the financial year ended March 31, 2024 pursuant to paragraph 11(4)(a) of the Act.

9.2 I make the above attestation in my capacity as a director of Babcock Canada Inc. for and on behalf of the board of Babcock Canada Inc.

**[Full name]** Edward Gerald McLean

**Director** CEO

**[Date], 2024** May 21, 2024

**[Signature]** 

*[I have authority to bind Babcock Canada Inc.]*