




# SHAPING TOMORROW

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ESG Report 2023

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# From Policy to Action:

## Héroux-Devtek's ESG Progress

Dear Shareholders,

I am pleased to introduce Héroux-Devtek's inaugural Environmental, Social and Governance (ESG) report. Over the last few years, ESG-related topics have taken on greater importance as societies reassess the impact and sustainability of corporations and industries across a number of areas including our workforce's physical and mental health, the environment and society among others. The aerospace sector is no exception in this regard, and we are glad to be able to share with you for the first time our accomplishments and progress on these important issues.

In recent years, our industry has gradually adopted ambitious objectives when it comes to environmental, societal and governance factors. One such example is Fly Net Zero, the International Air Transportation Associations' commitment to achieve carbon neutrality by 2050. Héroux-Devtek is proud to be the world's third-largest landing gear manufacturer and we know that an industry leadership position comes both with responsibility and the ability to stimulate positive impacts at scale. As such, we have been pursuing increasingly specific ESG commitments for over a decade, articulated through a set of diligently enforced corporate policies and expert advice in the key areas of environmental compliance and sustainability, social impact, community development, as well as in health and safety prevention and promotion.



**Gilles Labbé**

Executive Chairman of  
the Board of Directors



**Our culture is defined by four fundamental values, internally referred to as the 4Rs: Respect, Responsibility, Recognition, and Resilience.**

Whether it is fostering a strong entrepreneurial culture for our 1,806 employees or our commitment to environmental sustainability, we are driven to achieve a prosperous future for all.

Our ESG commitments and track record, particularly in the areas of environmental responsibility and health and safety, start with our organizational culture and team values. Héroux-Devtek fosters a culture of innovation where continuous improvement, new practices, and change management are part of the daily reality of our 1,806 employees working in our 15 centers of excellence and at our corporate head office in Longueuil.

Our culture is defined by four fundamental values, internally referred to as the 4Rs: Respect, Responsibility, Recognition, and Resilience. Together, they imply a strong companywide recognition that the sustainability of our success as an organization is defined by the well-being of our employees, the communities in which we operate, and the planet that we will leave to future generations.

At the board level, Directors are well aware of their role in establishing the tone, direction, and pace of ESG initiatives, including diversity and inclusion. Currently, 30% of Héroux-Devtek's Board members are women, and the Company intends to build upon that representation in the years ahead. This report also outlines the foundations for more rigorous reporting in alignment with Héroux-Devtek's fundamental values. I hope you will find it a useful read and a testament to our commitment in this matter.



**Martin Brassard**

President and CEO

# Taking Steps Towards a More Sustainable Future

Dear Shareholders,

As an organization committed to the highest operating and governance standards, Héroux-Devtek takes its responsibility toward sustainability seriously and we are pleased to be able to share the concrete steps we have been taking to create a more sustainable environment for our clients, employees and partners.

Our people represent our most valuable resource. As the majority of Héroux-Devtek's 1,806 employees work in a production environment, ensuring their health and safety and physical well-being is a priority for us. Similarly, we strive to create a stimulating and equal opportunity work environment for our employees to achieve professional development and advancement based on merit, and we are pleased to say this culture bears fruit with a high number of senior roles being filled from within the organization.

With respect to our environmental commitments, Héroux-Devtek complies with or exceeds all applicable standards. Environmental matters are discussed regularly at the management level and reported on a quarterly basis to the Board of Directors. Our environmental footprint is a metric that we have recently begun to measure, and initiatives are under way to reduce our GHG emissions where we can. As such, we have begun converting our energy sources from fossil fuel to renewable energy sources and reducing our energy consumption by adopting new technologies. We also work to encourage our suppliers to adopt more sustainable practices across their manufacturing and transportation undertakings.

Héroux-Devtek is also committed to staying at the forefront of corporate governance standards and all employees adhere to a Code of Business Conduct that establishes the highest standards of ethical behavior at all levels of the organization. It provides mandatory guidance and frameworks concerning all our business activities. At the board level, we have also adopted formal mandates for each committee of our Board of Directors and roles, including a Board of Directors charter, an Audit committee mandate, and a charter for the Human Resources and Corporate Governance committee. Héroux-Devtek is closely monitoring shifts in the business and regulatory landscape to ensure adherence to best practices and will adjust its governance and disclosure practices accordingly.

**Our environmental footprint is a metric that we have recently begun to measure, and initiatives are under way to reduce our Greenhouse Gas Emissions (GHG) where we can.**

# Environment

## At the Heart of Our Commitment

For several years, Héroux-Devtek has made environmental protection a primary focus of its business strategies, integrating sustainable practices throughout its operations. Our commitment to sustainability is a core value shared by both our management and employees. Year after year, we work as a team to drive our transition towards an eco-friendlier business model. Reducing our ecological footprint is not just a business objective for us; it's a guarantee of longevity and sustainability for our company. As a key player in the industry, we recognize the importance of creating socio-economic value while remaining mindful of our GHG emissions' impact. Our track record speaks for itself, and we continue to strive towards a better, greener future. Although the global aviation industry is responsible for just over 2% of human-induced carbon emissions and contributes around 4% to the global GDP, Héroux-Devtek firmly believes that every industry stakeholder has a responsibility to minimize their environmental impact.

As an organization, we are committed to reducing our GHG emissions at all levels and taking care of the environment and the communities where we operate. This commitment is shared by our people and is reflected in our formal and ambitious environmental policy, which we adopted in 2016.

Our policy underscores the importance of respecting the environment and the communities where we operate and recognizes the vital role of our employees in ensuring compliance with current environmental standards and continuously improving our control of environmental aspects related to the management and operation of our plants. The policy, endorsed by our Board of Directors and implemented by our President and CEO, aims to minimize our environmental footprint.

We prepare a quarterly environmental report that is presented to the Human Resources and Corporate Governance Committee, which reports to the Board of Directors. The report provides an assessment of our performance with respect to our four main current environmental objectives.

No regulatory or non-compliance identified in any audits

No notices of violation

GHG reduction target

No incidents, no spills, nor any transgressions of the regulations



As a company, we're committed to integrating proactive actions and strategies into our reports for the Corporation's Board of Directors. These reports cover a range of issues, including raising awareness, employee training, recognition programs, and projects aimed at reducing our GHG emissions. Additionally, compliance is increasingly prioritized, with strategies focused on preventing non-compliance incidents rather than merely correcting them. In fact, prevention and control improvement are now the main focus.

Héroux-Devtek's environmental management culture is based on four pillars: awareness, compliance, risk mitigation, and monitoring:

**Awareness:** Awareness involves supporting the development, implementation, maintenance, and improvement of the Corporation's environmental policy, including communication and training procedures. Our Corporate Environmental Policy clearly outlines our commitment to respecting and minimizing our environmental footprint. We offer up-to-date environmental management training in three languages to ensure that all employees are aware of the Corporation's environmental requirements.

**Compliance:** Compliance includes regulatory monitoring programs, obtaining, maintaining, and proactively complying with permit conditions and management programs, as well as communicating with relevant authorities and environmental regulatory bodies.

**Risk Mitigation:** Risk Mitigation is based on rigorous environmental impact and risk assessments, as well as inspections. To deepen this approach, several corporate environmental procedures have been put in place. The objective is to work at the source of the risks in order to control or even eliminate them.

**Monitoring:** Monitoring includes the Environmental Compliance Audit Program, which evaluates the compliance of each site with both regulatory and internal requirements. Sites deemed to be at higher risk, such as those that carry out surface treatment processes, are audited annually, alternating between internal and external audits carried out by qualified consultants familiar with local requirements. Sites presenting a lower risk are audited every two to three years, following the same alternation between internal and external audits. If necessary, the risk level of sites is reviewed to ensure effective environmental control. These audits cover not only the requirements imposed by regulations but also those set by the company in its internal procedures. In addition, these audits help identify opportunities to reduce energy consumption and benchmark the company's practices with the best practices of the industry.





Additionally, we have implemented monthly site inspection programs led by general managers and environmental representatives to supplement our audit process. Through this program, we are able to identify and address potential deficiencies before they are discovered during an audit. This proactive approach has led to a friendly competition between plants to see which site can best meet Héroux-Devtek's criteria and performance indicators. As a result, this competition has motivated each site to improve their processes, address audit findings, find opportunities to reduce energy consumption, and maintain compliance with established standards.

## Turning Ideas into Reality: Implementing Sustainable Practices

Our commitment to the environment is reflected in several concrete actions that make a real difference when repeated.

We believe that the environment is a rich and complex subject, and we are therefore increasingly educating our employees on environmental issues and opportunities through training, weekly environmental newsletters (both informative and educational), and meetings. Part of this training covers the concept of due diligence, which ensures the highest level of accountability and concern for not harming the environment and avoiding any incidents. This consistent and uniform flow of information drives our employees towards reducing the Corporation's environmental footprint and ensuring the sustainability of its operations.

In recent years, we have replaced equipment and machinery with a focus on energy efficiency, sustainability and less polluting energy options. This investment allows us to achieve our sustainability goals, reduce our energy consumption, and therefore operating costs.

Our expertise and experience in the maintenance, repair, and overhaul of landing gear and actuation components allow us to extend the useful life of our customers' equipment, thereby reducing their consumption and ecological footprint. This, in turn, increases customer confidence and improves the corporation's image with shareholders and potential partners.

We also raise awareness among employees on reducing resource consumption such as energy, water, or raw materials through newsletters and energy assessments. These assessments are conducted at some of the most energy-intensive sites to find opportunities to reduce energy consumption and to create energy reduction projects.

As a corporation, Héroux-Devtek takes a leadership role with its suppliers and encourages them to adopt industrial and commercial practices that align with current values of sustainable development.



## Our Commitment to a Low-Carbon Future

In 2022, we implemented a data collection system to track our environmental performance and monitor our progress towards reducing GHG emissions. This data will serve as a communication tool to guide and target our GHG reduction objectives across three dimensions: awareness, GHG reduction projects, and renewable energy options.

**Awareness:** GHG and environmental impact reduction training and guidance is being deployed in all of our facilities and the subject is frequently included in our environmental bulletins.

**GHG reduction projects:** We have implemented various GHG reduction projects across our sites, and the topic is periodically discussed during management meetings.

**Renewable energy options:** We are procuring the right kind of renewable energy and high quality reliable carbon offsets for several of our sites in Canada and the United States. These measures will help us reduce our GHG emissions, mitigate our environmental impact and help set the stage for additional green energy in the future.

Specifically, we now procure renewable energy from reputable suppliers in Ohio, Michigan, Ontario and Québec, which are home to several of our largest GHG emitting sites. This has allowed us to reduce by over one third our baseline GHG footprint. In addition, we are investing in several significant equipment modernisation projects to increase energy efficiency and reduce GHG emissions over the next few years.

We are also proud to announce that our Saint-Hubert site, home to our parts design and development laboratory, has achieved carbon neutrality as of April 2023. To achieve this important milestone, we partnered with Energir, a Quebec-based natural gas company, to use only renewable natural gas. Remaining emissions from electricity, diesel fuel, direct emissions and other minimal sources are offset by purchasing carbon credits from the EcoTierra and University of Sherbrooke program that offers co-benefits beyond simple carbon offsets.

Our commitment to reducing our environmental impact and supporting the energy transition to clean and sustainable energy sources demonstrates our dedication to the fight against climate change.





## Celebrating the most deserving

To prioritize environmental protection means to acknowledge and showcase exemplary practices within the organization and implement them more widely throughout the company. To this end, Héroux-Devtek presents annual awards to its most deserving plants, which are celebrated in front of their peers. The President's Environmental Awards for the fiscal year 2023 recognize two categories: the plant that made the greatest improvement, and the plant that demonstrated the most significant reduction in GHG emissions while exhibiting environmental leadership.



Accordingly, the Beaver Aerospace plant in Livonia, Michigan, which showed the most improvement, and the Strongsville, Ohio plant, which displayed the most outstanding GHG reduction and environmental leadership, are the worthy recipients of the 2023 fiscal year awards. They were presented with a commemorative plaque that recognizes their achievements and serves as a reminder that safeguarding the environment is a continuous and unwavering effort towards a better future for generations to come. In addition to these awards, the corporation has made financial contributions available to community organizations that are dedicated to environmental protection and awareness-raising in their regions.

In 2022, our commitment to the environment supported environmental protection and awareness-raising projects in Spain, Ohio, and Quebec. For example, the winners of the President's Award for the fiscal year 2022—Tékalia Aéronautik of Montreal (most improved), the Strongsville plant in Ohio (collaboration), and the Getafe plant in Spain (commitment)—were able to donate funds to organizations in their respective regions. In Ohio, we supported the West-Creek Conservancy, which works to rehabilitate stream banks. Our employees also mobilized to plant trees in strategic locations, which helped to stabilize the banks and promote local biodiversity recovery. In Spain, our contribution enabled the sponsorship of a congress of professionals and scientists on biodiversity, which specifically aimed to protect migratory bird habitats transiting through Spain to the African continent. Finally, in Quebec, we supported the Groupe Uni des Édicateurs-naturalistes et Professionnels en Environnement (GUEPE), which is dedicated to raising awareness about wetlands. We offered thirty in-class workshops to elementary schools in Montreal, specifically in the Rivière-des-Prairies, Pointe-aux-Trembles, Anjou, and East-Montreal sectors. Each classroom workshop lasted an hour and focused on the theme of wetlands and the amphibians and reptiles of Quebec. In addition, on September 11, 2022, we organized a day of family activities, including a hike and kiosk, at the Pointe-aux-Prairies nature park in the Les Marais sector.



**Stéphane Rainville**

Vice-President,  
Human Resources &  
Environment

My goal from day one has been to evolve the HR team into strategic business partners with a shared commitment to environmental sustainability. As we focus on key business challenges and issues, we strive to create value and support our stakeholders by working side-by-side with our business leaders to develop and implement environmentally responsible strategies. We believe that building a powerful case for positive change, particularly with regard to our environmental impact, is essential to our success in becoming a business within the business. With a constant reassessment of ourselves and our practices, we can work together towards a more sustainable future.

## A Culture of Continuous Improvement

The Corporation places a high priority on monitoring environmental regulations and sustainable development trends to become a leader in this field. We believe that adopting a continuous improvement approach is crucial and that progress should never be taken for granted. We firmly believe that profitability and sustainability can coexist and are committed to making this a reality.

Furthermore, the Corporation plans to utilize its internal data to effectively target actions that will help reduce our ecological footprint. We aim for environmental responsibility to be a core part of our identity, providing a continuous source of challenge and pride for all our employees, regardless of their location.

# Governance

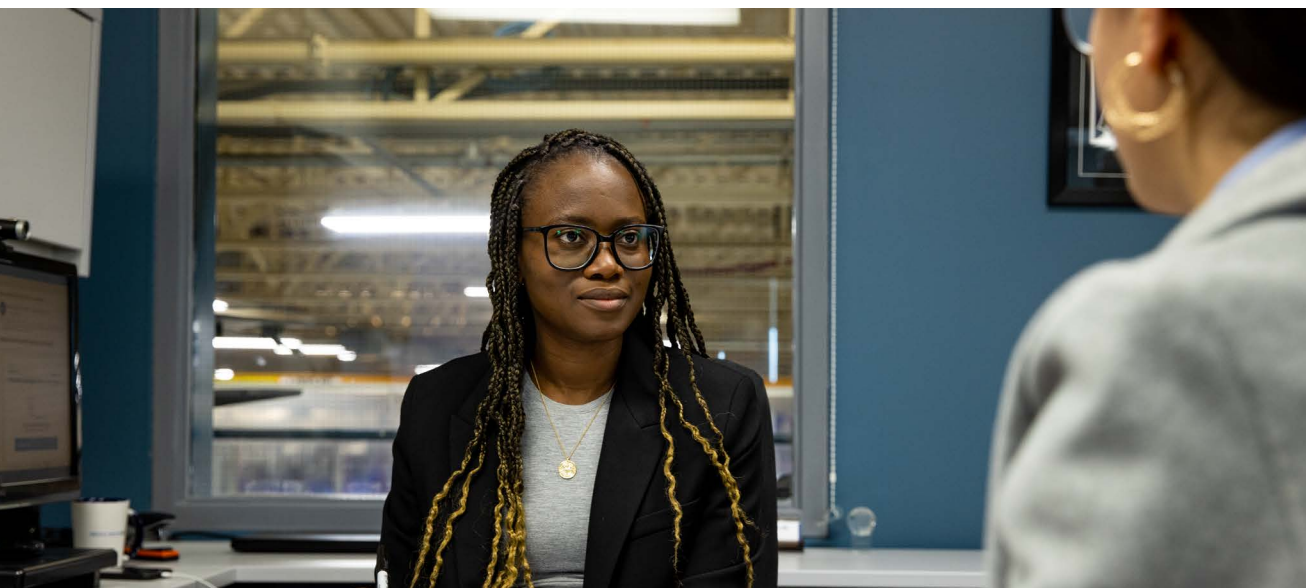
## Strong Leadership from the Top

Héroux-Devtek takes corporate governance standards seriously. We believe that integrity, strong ethics and leadership are key aspects to our ESG priorities and commitments. The Board of Directors (the “Board”) is responsible for overseeing the company’s operations and ensure that the long-term interests of the stakeholders of the company are met responsibly. To this effect, the Board has two separate committees, namely the Audit Committee and the Human Resources and Corporate Governance Committee (the “HRCG committee”) to oversee the Corporations’ key governance issues. A committee may also be created to meet short-term needs.

The Héroux-Devtek HRCG committee is responsible for overseeing the company’s approach to Environmental, Social, and Governance (ESG) issues and ensuring that the company’s policies and practices align with its commitment to responsible governance. This includes evaluating the company’s impact on the environment, ensuring the safety and well-being of employees and the communities in which they operate, and promoting ethical business practices. The HRCG committee is monitoring the company’s performance in these areas and making recommendations for improvement.

**To guarantee that this commitment to responsible governance is upheld throughout the entire organization, all employees, managers and members of the Board of Directors are required to comply with a formal code of conduct. It is essential that all stakeholders demonstrate high ethical and moral standards in all aspects of their professional endeavours.**





#### ■ A Diverse and Experienced Board of Directors

As of 2023, three women have positions on the ten-member Board of Directors. These women assume key roles within the organization, and we hope that their presence will inspire more women to work in the aerospace industry. The lead director role is also occupied by a woman, Beverly Wyse. Her strong leadership and her experience in the aerospace sector are key assets that contribute to the effectiveness of the Board. Indeed, the Board of Directors of Héroux-Devtek is a group of highly experienced and qualified individuals with a strong background in their respective fields. They bring a diverse range of perspectives and viewpoints to the table, ensuring that all important issues are thoroughly discussed and evaluated. They are a talented and engaged group who work together to make strategic decisions that drive the company forward.

In all cases, Héroux-Devtek keeps a constant watch on the evolution of business environments and best practices in governance. Our position in markets in which we operate requires us to be a leader, and we will strive to update our code of conduct to meet the highest standards in the industry.

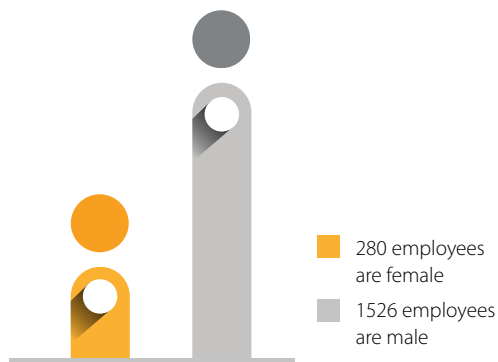
# People

## The Foundation of Our Success

Héroux-Devtek is fortunate and proud to be comprised of an esteemed group of 1,806 talented employees, a diverse group of professionals and experts with a depth and breadth of skills that constantly push us forward.

The Company has long been committed to providing competitive remuneration, free of discrimination, taking into account expertise, talent and motivation. Our remuneration system is also designed to provide internal equity. Moreover, like many organizations, we have undergone pay equity audits as required to ensure compliance with applicable legislation.

### Gender of employees



### Total of employees per country



### Commitment at the Heart of Our Daily Lives

Our promise to our employees is clear: only they can set the limits of their progress and their ambitions. We have long taken an entrepreneurial approach with our employees.

This approach has many objectives. It helps to mobilize and empower employees and, in turn, increases their level of commitment. Also, it encourages their development and makes them more responsible. In this regard, all of our managers with supervisory responsibilities have received training to better equip them to understand and meet the needs of their employees.

Finally, camaraderie amongst colleagues also fosters a sense of belonging. To this end, Héroux-Devtek organizes a wide range of social activities (such as conferences, barbecues or sporting activities) where employees have the opportunity to get to know each other better and to socialize. Best of all, these activities sometimes allow us to give back to the community, for example, through events like blood drives and food bank donations.



## Commitment Involves Training and Awareness-Raising



The training of our staff is a cornerstone for their development within our organization and, incidentally, for the sustainability of the organization. As evidence, 411 different trainings were conducted in 2022 alone, for a total of nearly 19,000 cumulative hours.

Some training is mandated by certain clients or government authorities for specific programs. However, we also require that all of our employees (permanent and non-permanent), interns and consultants receive certain company-specific training.

Furthermore, we also encourage our employees to take courses to foster their personal and professional development as part of their employee journey.

Beyond employee training, there is awareness. In such context, we adopted a code of conduct and a policy for preventing harassment and handling complaints. The purpose of this policy is to put a stop to any situation of psychological or sexual harassment within the organization and to establish the principles for intervention when a complaint is filed, or a situation is reported.

This policy reflects our formal commitment to our employees' rights to dignity, respect and a workplace free from discrimination and harassment.



## Occupational health and safety: a constant concern

Safety is a core value at Héroux-Devtek. While it is important to comply with the various legal requirements in the countries where we have facilities, we feel it is crucial to go beyond these to maximize the safety of our people and to strive for a standardisation of best practices throughout the organization.

Héroux-Devtek's ultimate goal is clear: the Corporation wants to eradicate all injuries, illnesses and accidents related to its operations. We are aware that this is an ambitious goal and that there is unfortunately no such thing as zero risk, but the very nature of this problem requires such ambitions.

The Corporation's health and safety programs are based on equal leadership from all its stakeholders. Its reflection and orientations obviously come from management, but its implementation is based on the participation of all employees and all functions of the organization. In addition, these programs involve safety equipment and technology at all stages of operations.

Héroux-Devtek encourages employees to actively participate in the identification of health and safety hazards and to offer suggestions or ideas to eliminate them and, ultimately, to ensure healthier and safer workplaces for all. This collaboration between the Corporation's various stakeholders was highlighted during the COVID-19 pandemic, where safety protocols were quickly put in place.

**Safety at Héroux-Devtek is defined by continuous improvement of processes, equipment and technologies, but also by supervision, awareness and training. In this regard, our employees are constantly reminded of this issue and receive training, whether of a more general nature or directly related to their specific work equipment.**

The Corporation also uses its internal data to better identify health and safety risks. This management tool implies that a better understanding of the past will help to make stakeholders more aware of health and safety risks in the future. This approach have been proven to work, but it is still critical to have processes in place to facilitate the recording, reporting and management of work-related injuries and illnesses. This input, for which the employees' contribution is considerable, is an illustration of the commitment required by everyone to support a safer workplace.

# At the Heart of Its Communities

We strongly believe that being present in a community requires participation that goes beyond the construction and operation of a plant. As such, Héroux-Devtek is committed to being an exemplary corporate citizen and a positive change agent in all of the communities in which it operates. The Corporation's participation as a positive change agent includes community, as well as philanthropic, environmental, academic and artistic sectors. For example, Héroux-Devtek has donated to organizations related to the prevention of sexual violence and research in the field of heart disease, among others. It also supports numerous food banks in the communities where it operates.

## Doing Good, Wherever We Are

Héroux-Devtek has a special connection to the Greater Montreal region as it's where the company was founded 80 years ago and has since thrived. Because of this, the entire organization, including management, employees, and unions, comes together to support the annual campaign of United Way. Since the very beginning of what has become an annual tradition, Héroux-Devtek's stakeholders have rallied to support this essential foundation for the community. This annual collective effort is not about to fade away. In fact, over the years, the organization's involvement with Centraide has grown steadily thanks to the tireless mobilization of our employees.

At Héroux-Devtek, community involvement comes from the top. Martin Brassard, President and CEO of Héroux-Devtek, was also the honorary president of the 2022 edition of the Fondation de l'Hôpital du Sacré-Cœur de Montréal Golf Open. Thanks to the solidarity of the partners and participants, more than \$250,000 were raised for the 38<sup>th</sup> edition of this event.

Lastly, Héroux-Devtek has been supporting the training and development of future engineers and technicians in the aerospace industry for many years. In addition, the Corporation works to promote entrepreneurship and women in leadership programs. One of the goals of this initiative is to aim for gender parity in the future of aerospace. We are confident that the human capital working in our field will one day reflect the diversity of the communities in which we operate.





# Business Ethics and Cybersecurity

## Setting Guidelines for Effective Management



### Business Ethics : Everyone's Responsibility

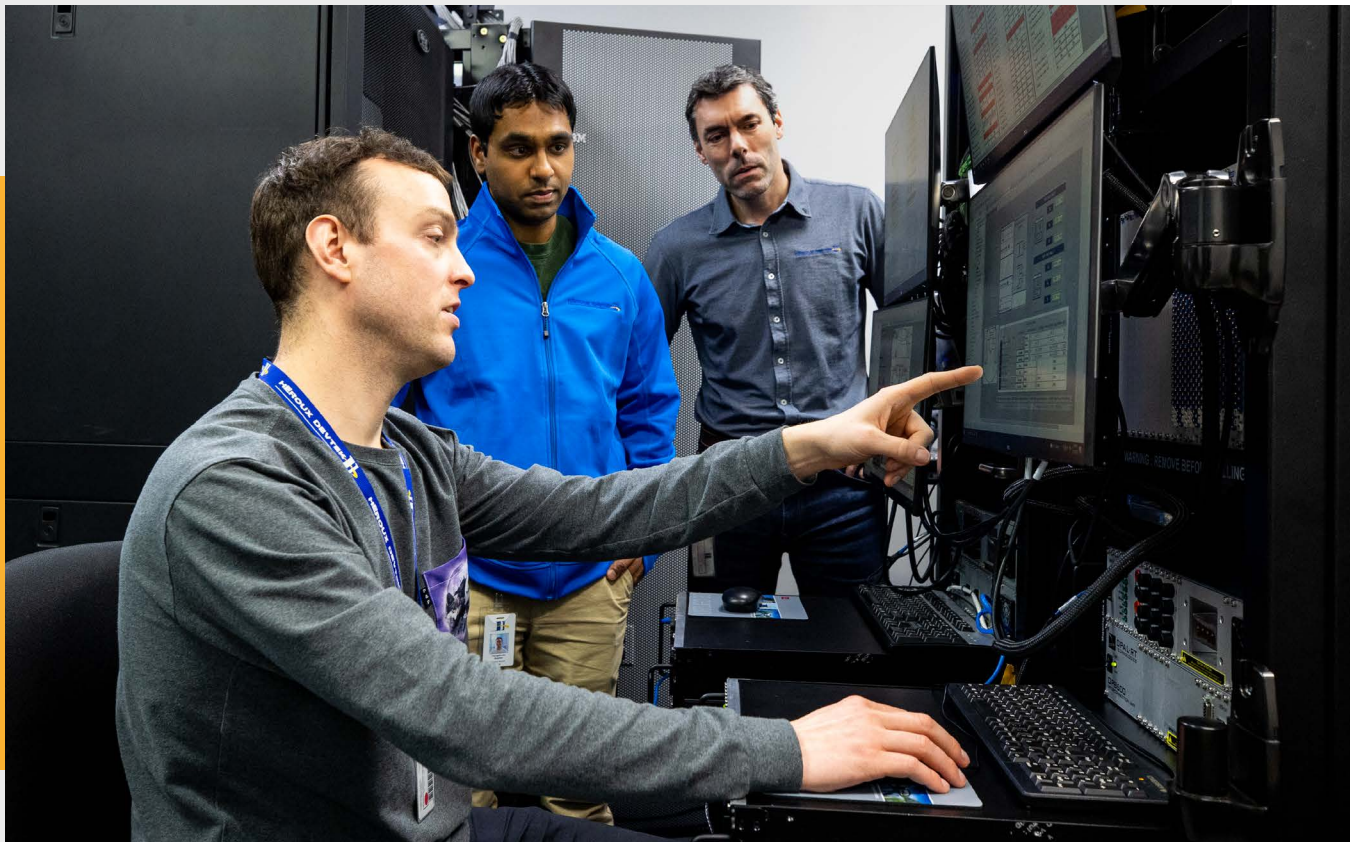
We are driven by the belief that business relationships are first and foremost human relationships. We understand that conducting any kind of business requires not only due diligence, but also a deep respect for human capital, communities, and the environment. In this light, we see it as our moral obligation to have an ethical code of conduct that guides all of our actions. This code of conduct is strictly adhered to by all members of our organization and is divided into 12 distinct sections that cover a wide range of topics such as the environment, health and safety, bribery, corruption, data privacy and digital ethics. This code serves as a framework that provides guidance for all of our business activities.

To strengthen observance of the code, we have implemented a whistleblower policy. This policy allows any employee to anonymously raise concerns and thus eliminate any fear of retaliation or intimidation. Through this policy, an employee can communicate with the Chairman of the Audit Committee of the Board of Directors to report suspicions or irregularities.

We are also committed to ensuring that our suppliers uphold similar values and integrity. As such, we have a supplier code of conduct that all of our suppliers are required to comply with. This helps to standardize ethical practices throughout our supply chain. Additionally, regular audits are conducted to ensure that the products, parts and components that are delivered to us meet our standards of quality, which allows us to provide a final product that maximizes the safety of passengers, pilots and crew. This type of initiative is becoming increasingly common in the aerospace industry and is beneficial for both public perception and safety. Also, we ensure that the companies with which we do business are not under sanctions by government agencies. Behaviours related to corruption, collusion, and conflicts of interest, even if they originate from a supplier, could lead to reputational risks for Héroux-Devtek.

Ultimately, business ethics are an integral part of our operations at Héroux-Devtek, and it is a concern that extends to all of our activities, as well as those of our partners and suppliers. We are committed to promoting and maintaining the highest ethical standards in all our business dealings, and we believe that this ultimately benefits not only our company, but also the wider community and society.

**We are driven  
by the belief  
that business  
relationships  
are first and  
foremost human  
relationships.**



## Cybersecurity: Strong Measures

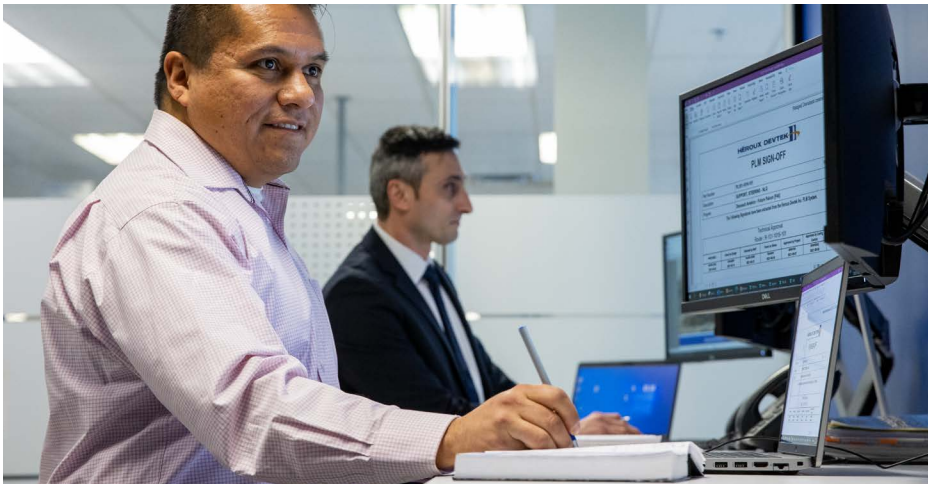
At Héroux-Devtek, cybersecurity is of paramount importance. We recognize that it is not only a matter of security but also a matter of reputation. We take data protection seriously and are committed to protecting our customers, employees, and the company from both internal and external threats. From our perspective, cybersecurity plays an even more vital role, as the company possesses sensitive information pertaining to many aerospace programs in both the civil and the defence sectors. From a human capital perspective, as an employer, we also possess the personal information of our employees and it is our duty to ensure that this information does not fall into the wrong hands.

In this regard, we have implemented a comprehensive cybersecurity program that includes mandatory employee training, an internal code of conduct, and a culture of reporting any concerns. Our goal is to empower our entire human capital to take ownership of cybersecurity and make it a shared responsibility throughout the company. We have noticed a significant improvement in our employees' awareness of phishing tactics and are proud of their increased vigilance. We are confident that this trend will go on as we continue to invest in cybersecurity education and training.

Furthermore, several years ago, we adopted the NIST 800-171 (National Institute of Standards and Technology) framework with respect to cyber risk management. This framework provides a common language and a systematic approach for organizations to identify, assess, and manage cyber risks. Companies working closely or remotely in the defence sector must strictly comply with it. This system allows for data encryption, secure backup and transfers, as well as the detection of any potentially suspicious behaviour.

As a supplier to the defence industry, Héroux-Devtek also needs to comply to the CMMC (Cybersecurity Maturity Model Certification) which is a cybersecurity framework developed by the United States Department of Defense (DoD) to enhance the cybersecurity posture of the Defense Industrial Base (DIB), which consists of over 300,000 companies that provide goods and services to the DoD.

CMMC is designed to ensure that DIB contractors have the necessary cybersecurity controls in place to protect sensitive information and data related to national security. It is a unified standard for cybersecurity that combines various cybersecurity control standards and best practices, including NIST SP 800-171, ISO 27001, and others. The DoD made significant changes to CMMC in 2022 and created CMMC 2.0. It streamlines requirements to three levels of cybersecurity and aligns the requirements at each level with well-known and widely-accepted NIST cybersecurity standards. The Department posted the CMMC 2.0 model for levels 1 and 2, their associated Assessment Guides, and scoping guidance to this website for informational purposes. Level 3 information will likewise be posted as it becomes available. As a result of the alignment of CMMC to NIST standards, the Department's requirements will continue to evolve as changes are made to the underlying NIST SP 800-171 and NIST SP 800-172 requirements.



**As of February 2023, Héroux-Devtek meets CMMC 2.0 level 2 and is committed to continuously improve its cybersecurity posture and monitor the future requirements of CMMC 2.0 level 3 when they become available.**



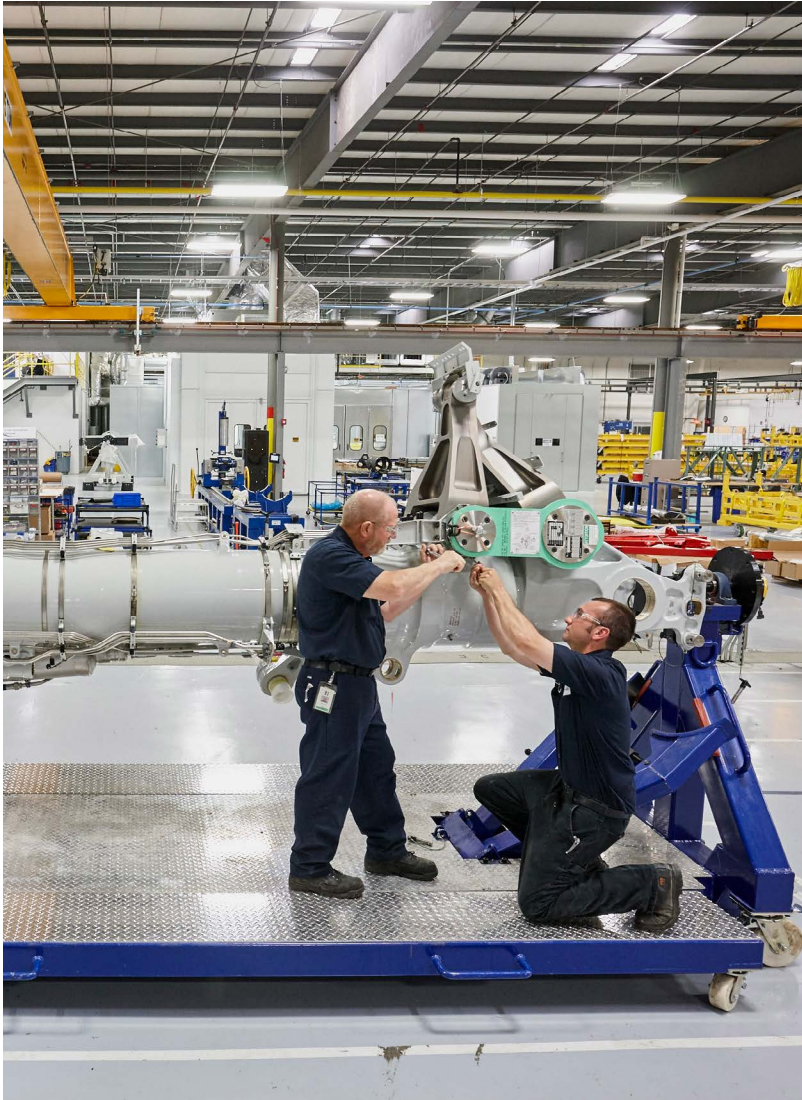
# Ensuring Quality Every Step of the Way

Héroux-Devtek is committed to the continuous improvement of the quality of its products and services through the involvement of all employees and suppliers in order to provide defect-free products and services that meet customer expectations. Where appropriate, advanced quality practices are employed to verify the acceptability of process capability and product characteristics.

By convening Senior Quality Managers from all sites, Héroux-Devtek is able to promote a culture of continuous improvement across the organization. This collaborative effort allows for the sharing of best practices, revising of Quality Management Systems, and tracking of Key Performance Indicators. Quality Management Systems are in place in each region to ensure compliance with all regulatory, customers, and industry standard requirements. Our facilities hold AS9100 certification, and some are also certified to AS9110, indicating that they comply with stringent regulations and have adequate controls in place. Compliance is validated through internal audits and third-party certification bodies, using a process-based approach that guarantees compliance with procedures and ensures efficient processes for customer satisfaction. Oversight for these approvals is performed annually.

Héroux-Devtek places great importance on meeting industry standards and regulations to ensure the highest quality of its products and services. As part of this commitment, 8 of our sites hold Nadcap certification for all chemical processes, surface enhancement processes, and Non-Destructive Testing (NDT) operations, while 6 of our sites are certified to produce, maintain, repair and overhaul civil aircraft components under the local civil regulation authorities, certifying airworthiness of the components managed. NADCAP is a rigorous yet rewarding accreditation program for aerospace engineering, defence, and related industries. These certifications not only demonstrate our compliance with strict requirements set by government and industry leaders, but also certify the airworthiness of the components managed by Héroux-Devtek.

Moreover, to ensure the highest level of competence and compliance, Héroux-Devtek provides targeted training to its employees. Indeed, targeted training is critical to ensure that our whole team is equipped to compete at the highest level in a challenging environment. Our employees receive training tailored to their job functions, including refresher training on topics such as Foreign Object Damage (FOD), counterfeit parts, human factors, quality orientation training, hydrogen embrittlement, and others.





From creating a manufacturing plan to final inspection, a series of procedures are in place to ensure compliance and identification of defects if present. In process inspection, Production Part Approval Process (PPAP), Failure Mode Effect and Analysis (FMEA), Statistical Process Control (SPC) on key characteristics, and First Article Inspections (FAIs) are among the tools used continuously to mitigate risks. Non-conformance management is a stringent process that includes the disposition of a part affected by a defect, identifying the root cause, and implementing corrective actions to prevent reoccurrence. To ensure that we receive conforming parts from our supply chain, we select suppliers based on their certifications and capabilities.

Additionally, we perform on-site audits to validate their ability to handle stringent requirements specified on the drawing and part list. Once approved, we monitor their quality and on-time delivery performance. In cases where their performance is excellent, a delegated inspection program is available, allowing them to ship components directly to our stores. However, if their performance is not up to standard, we conduct a source inspection on-site at the supplier facility before allowing them to ship components.



## Looking Ahead

Héroux-Devtek's inaugural ESG report highlights the company's commitment to sustainable practices and responsible business operations. By embracing the ESG principles, Héroux-Devtek acknowledges the vital role it plays in driving positive change and creating long-term value for all stakeholders. Throughout this report, Héroux-Devtek has demonstrated its dedication to transparency, accountability, and continuous improvement in its ESG performance. The company recognizes that sustainability is not a destination but an ongoing journey.

Looking ahead, Héroux-Devtek is committed to fostering a culture of innovation, collaboration, and adaptability. With a clear vision for the future, the Corporation will continue to seek ways to minimize its environmental footprint, enhance workplace safety, and improve the well-being of its employees and surrounding communities.

# Appendix

## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) TABLE

RECOMMENDATIONS AND SUPPORTING RECOMMENDED DISCLOSURES	HDI RESPONSE
<b>GOVERNANCE</b>	
a) Describe the board's oversight of climate-related risks and opportunities.	See pages 4, 5, and 11 of this report.
b) Describe management's role in assessing and managing climate-related risks and opportunities.	See pages 4 to 7, and 10 of this report.
<b>STRATEGY</b>	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	See the "Risk Management" section of the annual MD&A for the risks, otherwise not disclosed.
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Not disclosed
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Not disclosed
<b>RISK MANAGEMENT</b>	
a) Describe the organization's processes for identifying and assessing climate-related risks.	Through our ERM process, see the "Risk Management" section of the annual MD&A.
b) Describe the organization's processes for managing climate-related risks.	Not disclosed
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Not disclosed
<b>METRICS AND TARGETS</b>	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Not disclosed
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Not disclosed, Scope 1 and 2 being measured but will require validation through auditing to either GRI validation standards or an ISO 14064-2 equivalent prior to disclosure.
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Not disclosed

# SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) - INDUSTRY TABLE AEROSPACE AND DEFENSE

ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	HDI RESPONSE
<b>ENERGY MANAGEMENT</b>				
1. Total energy consumed, 2. Percentage grid electricity, 3. Percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	RT-AE-130a.1	Not disclosed
<b>HAZARDOUS WASTE MANAGEMENT</b>				
Amount of hazardous waste generated, percentage recycled	Quantitative	Metric tons (t), Percentage (%)	RT-AE-150a.1	Not disclosed
Number and aggregate quantity of reportable spills, quantity recovered	Quantitative	Number, Kilograms (kg)	RT-AE-150a.2	Not disclosed, will likely be de minimis impact due to low potential and tight controls
<b>DATA SECURITY</b>				
1. Number of data breaches, 2. Percentage involving confidential information	Quantitative	Number, Percentage (%)	RT-AE-230a.1	Zero N/A, no breaches
Description of approach to identifying and addressing data security risks in: • company operations, and • products	Discussion and Analysis	N/A	RT-AE-230a.2	See the "Business Ethics and Cybersecurity" section of this report
<b>PRODUCT SAFETY</b>				
Number of recalls issued, total units recalled	Quantitative	Number	RT-AE-250a.1	Zero
Number of counterfeit parts detected, percentage avoided	Quantitative	Number, Percentage (%)	RT-AE-250a.2	Zero
Number of Airworthiness Directives received, total units affected	Quantitative	Number	RT-AE-250a.3	Zero
Total amount of monetary losses as a result of legal proceedings associated with product safety	Quantitative	Reporting currency	RT-AE-250a.4	Zero

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ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	HDI RESPONSE
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### FUEL ECONOMY & EMISSIONS IN USE-PHASE

Revenue from alternative energy-related products	Quantitative	Reporting currency	RT-AE-410a.1	N/A
Description of approach and discussion of strategy to address fuel economy and greenhouse gas (GHG) emissions of products	Discussion and Analysis	N/A	RT-AE-410a.2	This will require an ISO 14044 compatible Life Cycle Assessment to determine life cycle component of GHG relating to fuel economy and greenhouse gas (GHG) emissions of products. This will cover one component of GRI Scope 3 emissions.

### MATERIALS SOURCING

Description of the management of risks associated with the use of critical materials	Discussion and Analysis	N/A	RT-AE-440a.1	See the "Risk Management" section of the annual MD&A
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### BUSINESS ETHICS

Total amount of monetary losses as a result of legal proceedings associated with incidents of corruption, bribery, and/or illicit international trade	Quantitative	Reporting currency	RT-AE-510a.1	Zero
Revenue from countries ranked in the "E" or "F" Band of Transparency International's Government Defence Anti Corruption Index	Quantitative	Reporting currency	RT-AE-510a.2	\$28.3 million, including \$26.7 million from Brazil, ranked a "E" country in the Government Defence Anti Corruption Index
Discussion of processes to manage business ethics risks throughout the value chain	Discussion and Analysis	N/A	RT-AE-510a.3	See the "Business Ethics and Cybersecurity" section of this report.

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE	
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Production by reportable segment	Quantitative	Number	RT-AE-000.A	Not disclosed
Number of employees	Quantitative	Number	RT-AE-000.B	See the "People" section of this report