

# **Fighting and Preventing Forced Labour and Child Labour in Supply Chains: Annual Report**

May 2024

ENGIE Canada Inc.

## **Annual Report on Fighting and Preventing Forced Labour and Child Labour in Supply Chains**

### **Introduction**

This report is prepared by ENGIE Canada Inc. (**ENGIE Canada**) in compliance with Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act (the Act)*.

ENGIE Canada is an affiliate of ENGIE SA (**ENGIE**), a multinational utility company headquartered in France that operates in the electricity generation and distribution, natural gas, nuclear, renewable energy, and petroleum sectors.

All ENGIE entities are bound by the policies, procedures, and commitments of ENGIE, its parent company. ENGIE entities are committed to responsible business practices, including combating forced labour and child labour in supply chains. This commitment is present in nearly all aspects of ENGIE's global operations, and is evidenced through the following:

1. **Code of Conduct:** ENGIE's Ethics Code of Conduct outlines the company's commitment to respecting human rights. All ENGIE employees must adhere to these principles, including ENGIE's prohibition against forced labour and child labour. Through adhesion to the Code of Conduct, suppliers are prompted to adhere to international regulations, standards and principles.
2. **Vigilance Plan:** ENGIE SA's vigilance plan is taken in accordance with the French law on the duty of vigilance of parent companies and ordering companies. It targets serious violations of human rights and fundamental freedoms, human health and safety, and the environment. The plan gathers all the measures put in place by ENGIE SA to identify and prevent the risks of negative impacts on people and the environment related to the activities of the Group, those of its controlled subsidiaries, as well as the activities of its subcontractors or suppliers with whom an established commercial relationship is maintained. ENGIE SA's vigilance plan consists of four main vigilance approaches (human rights, health & safety & security, CSR, procurement).

As part of the human rights approach, the ENGIE Group makes sure that its business activities are conducted in accordance with the highest standards of protection, at a minimum, in line with the provisions of international texts for the protection and defense of human rights (such as the International Bill of Human Rights", composed of the 1948 Universal Declaration of Human Rights, the 1966 International Covenant on Civil and Political Rights and the 1966 International Covenant on Economic, Social and Cultural Rights, as well as the Conventions of the International Labor Organization).

3. **Supplier Requirements:** ENGIE emphasizes the importance of sustainable procurement. ENGIE expects all suppliers and subcontractors to abide by ethical standards. This typically includes adherence to international labour standards, such as those outlined by the International Labor Organization (ILO), which condemns child labour and forced labour.
4. **Audits and Assessments:** To ensure compliance with its standards, ENGIE may conduct audits and assessments of its suppliers. Those that fail to meet ethical requirements or show evidence of breaches in labour practices will face potential termination of contracts or other corrective actions.

5. Stakeholder Engagement: ENGIE is committed to engaging with stakeholders, including NGOs, local communities, and other relevant parties, to ensure that it is up to date on the latest best practices and aware of any potential issues in its operations or supply chains.
6. Training: ENGIE emphasizes the importance of training its employees, especially those in procurement roles, to identify and mitigate risks related to child labour and forced labour.
7. Public Reporting: ENGIE is committed to increased transparency throughout its supply chain. This includes publishing sustainability and corporate social responsibility (**CSR**) reports that outline actions taken to ensure ethical labour practices.

### Reporting Entities and Controlled Entities

This annual report has been prepared by ENGIE Canada for the 2023 calendar year in compliance with section 11 of the *Act* in respect of itself and its affiliates, including West Windsor Power.

ENGIE Canada is a reporting entity for the purposes of the *Act*. In addressing the steps taken to prevent and reduce the risk that forced labour or child labour is used in production, as required by section 11(1) of the *Act*, this report also covers supplementary information as required by section 11(3) of the *Act*.

Specifically, this report covers the mandatory requirements contained in the *Act*, as follows:

| <b>REPORTING ELEMENTS</b>   | <b>ACT REFERENCES</b> | <b>PAGE REFERENCES</b> |
|---|-----------------------|------------------------|
| Steps taken to prevent and reduce the risk that forced labour or child labour is used in any step of production   | 11(1)                 | 6-8                    |
| Description of structure, activities, and supply chains   | 11(3)(a)              | 4                      |
| Description of policies and due diligence processes relating to forced labour and child labour  | 11(3)(b)              | 4-7                    |
| Identification of the parts of the business and supply chains that pose a risk of using forced labour or child labour, and steps taken to address that risk | 11(3)(c)              | 7-9                    |
| Description of measures taken to remedy any forced labour or child labour   | 11(3)(d)              | 9                      |
| Description of measures taken to remediate vulnerable families' lost income from measures taken to eliminate forced labour and child labour practices       | 11(3)(e)              | 9                      |
| Description of employee training on forced labour and child labour  | 11(3)(f)              | 9                      |
| Description of assessment on effectiveness of measures against forced labour and child labour   | 11(3)(g)              | 9-10                   |

## **Approval of Annual Report**

This annual report was approved by ENGIE Canada's board of directors and has been signed pursuant to section 11(5) of the *Act* by Denny Richard, as Director of ENGIE Canada.

## **How ENGIE Canada Works to Ensure Its Supply Chains Are Free of Forced Labour and Child Labour**

This report identifies the steps ENGIE takes to assess and manage the risks of forced labour and child labour in its business and supply chains.

ENGIE is committed to protecting human rights while raising awareness of the critical issue of forced labour within its industry.

## **ENGIE Canada's Structure, Activities, and Supply Chains**

ENGIE Canada is wholly owned by ENGIE Global Developments B.V., a Netherlands-based company. ENGIE Canada's ultimate parent is ENGIE S.A., based in France.

ENGIE Canada owns and controls West Windsor Power, a natural gas generation facility with an installed capacity of 135.4 MW which is connected to Hydro One's distribution system.

ENGIE Canada is a minority owner of C2C Power LP, which indirectly owns twelve renewable (wind and solar) generation assets in British Columbia, New Brunswick, Ontario, and Prince Edward Island.

ENGIE Canada (either directly or through its subsidiaries) is actively involved in developing wind and solar projects in Canada, including in Alberta and Saskatchewan.

ENGIE Canada Services LP<sup>1</sup> (a subsidiary of ENGIE Canada) is actively involved in supporting the operations of two solar farms and 10 wind farms:

- Prince Edward Island: West Cape Wind Farm, Norway Wind Farm
- New Brunswick: Caribou Wind Farm
- Ontario: Harrow, Erieau, AIM SOP, East Lake St. Clair, Plateau, and Pointe-aux-Roches Wind Farms and the Beckwith Solar Farm and Brockville Solar Farm
- British Columbia: Cape Scott Wind Farm

Through these electricity generation assets, ENGIE Canada is leading the transition towards clean and renewable energy while remaining connected to the local communities within which it operates. ENGIE Canada's vision is to accelerate and support the transition towards a carbon-neutral economy by providing clean, affordable, innovative, and resilient energy solutions with environmentally friendly infrastructure to support it.

## **Forced Labour and Child Labour Policies and Due Diligence Processes**

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<sup>1</sup> ENGIE Canada Services LP is not itself an "entity" within the meaning of the *Act* but we here describe these activities for completeness.

These installations require a vast and extensive supply chain. ENGIE Canada therefore requires its employees, suppliers, subcontractors, and partners to uphold its commitments to human rights.

ENGIE Canada follows the policies and processes of its parent company, ENGIE, which are based on the highest international standard for the protection and defense of human rights such as the International Bill of Human Rights", composed of the 1948 Universal Declaration of Human Rights, the 1966 International Covenant on Civil and Political Rights and the 1966 International Covenant on Economic, Social and Cultural Rights, the UN Guiding Principles on Business and Human Rights (2011), the Conventions of the International Labor Organization and the Guiding Principles of the OECD for multinational corporations (2015). Additionally, ENGIE is a founding member of Companies for Human Rights ("Entreprises pour les Droits de l'Homme") whose mission is to raise awareness of and encourage better responses to human rights issues, including the prohibition of forced labor and child labor, as part of its members' activities.

### ***ENGIE Policies relating to forced labour and child labour***

#### *Ethics Code of Conduct*

The [ENGIE Ethics Code of Conduct](#), outlines the ethics principles that all employees must follow in their professional practices and behaviors, both internally and with third parties (such as partners, suppliers, local communities, etc.). The ENGIE Ethics Code of Conduct places the respect for human rights, and notably, the prohibition of forced labour and child labour, amongst its fundamental principles. This Code applies to ENGIE employees and entities, and ENGIE Canada adheres to it. Furthermore, the ENGIE Ethics Code of Conduct is also communicated to partners and suppliers on ENGIE's website.

Then, ENGIE has elaborated specific Policies and Codes, such as the ENGIE Vigilance Plan, the Human Rights Policy, the ENGIE Procurement Charter and the Code of Conduct for ENGIE's supplier relations.

#### *ENGIE's Vigilance Plan*

ENGIE Canada is bound by ENGIE's Vigilance Plan. The [Vigilance Plan](#) is made in accordance with the French law on the duty of vigilance of parent companies and subsidiary companies. It targets serious violations of human rights, fundamental freedoms, human health and safety, and the environment. The plan gathers all of ENGIE's measures to identify and prevent the risks of negative impacts on people and the environment related to the activities of the ENGIE group, those of its controlled subsidiaries, as well as the activities of its subcontractors or suppliers with whom an established commercial relationship is maintained.

ENGIE's Vigilance Plan consists of

- Four main vigilance approaches (human rights, health & safety & security, CSR, procurement) including risk mapping, assessments, commitments, risk management, monitoring and implementation reporting.
- Transversal processes related in particular to:
  - the identification and management of risks related to the ENGIE's new activities, to suppliers and business relationships via the performance of ethical due diligence,
  - the assessment of new projects with regard to human rights, CSR and health and safety criteria,

- the ethics and vigilance clause aiming to be inserted in all contracts.
- A common alert mechanism, available to all employees and external stakeholders.
- An operational implementation report.

The [human rights approach](#) under the Vigilance Plan contains policies, procedures and commitments relating to forced labour. It commits ENGIE to make sure that its business activities are conducted in accordance with the highest standards of protection for the defense and protection of human rights including rejecting all forms of forced or compulsory labour, of child labour, of human trafficking, and of discrimination. In compliance with these commitments, ENGIE Canada aims to provide the highest standards of protection of human rights in the workplace.

#### Procurement Charter

ENGIE Canada expects its suppliers will comply with established policies and procedures and uphold ENGIE principles. ENGIE's [Procurement Charter](#) lists ENGIE's expectations towards suppliers with regards to ethics, human rights, and societal responsibility. In order to meet these expectations, ENGIE sets out commitments and requirements for its equipment and service suppliers in its Procurement Charter.

#### Code of Conduct in supplier relations

ENGIE's [Code of Conduct in Supplier Relations](#) aims to make suppliers aware of and abide by ENGIE's commitments, the ENGIE Ethics Code of Conduct, and the Vigilance Plan. The first principle under the Code of Conduct stipulates that all parties must adhere to the ILO's standards on fundamental labour rights, including the prohibition of child and forced labour. Under this Code, ENGIE, and thereby ENGIE Canada, requires its suppliers to treat employees fairly and with dignity.

#### Modern Slavery Statement

ENGIE Canada adheres to strict human rights commitments that are reproduced in ENGIE's [Modern Slavery Statement](#) ("**the Statement**"). The Statement for the 2022 financial year was approved by the ENGIE Board of Directors on May 10, 2023. The Statement emphasizes that ENGIE suppliers and subcontractors are key stakeholders in its value chain and that compliance with ENGIE's ethics principles and commitment to human rights is an integral part of every stage of operations. The Statement reproduces critical portions of ENGIE's Vigilance Plan, which is discussed above, including ENGIE's human rights policy and prohibition of forced labour and child labour.

The Statement emphasizes ENGIE's human rights commitments and highlights the operational processes ENGIE uses to ensure it honours those commitments. All ENGIE entities, including ENGIE Canada, commit to respecting internationally recognized human rights while carrying out activities, everywhere it operates. This includes following the international standards of the ILO and rejecting all forms of forced labour.

The Statement includes reference to the preliminary and yearly risk analyses undertaken by ENGIE entities. Countries considered a high risk for human rights violations undergo further assessment. For example, in 2021 ENGIE implemented a specific, in-depth action plan to identify and manage risks in its Chinese supply chains. The ENGIE approach is to consistently monitor and update its approach to risk analyses.

The Statement further explains ENGIE's training and awareness-raising modules, which also focus on the issue of forced labour. In-person and e-learning training is available for all ENGIE employees in addition to specific training for Purchasers.

### ***Due diligence process***

ENGIE Canada applies the ENGIE due diligence process for partners and suppliers. All investment projects are subject to systematic due diligence. In addition, major, preferred, and strategic suppliers undergo due diligence during the qualification process, incorporating an assessment on Human Rights via a provider specialized on business sustainability rating, intelligence and collaborative-performance improvement tools for global supply chains. For each supplier assessed, ENGIE is provided sustainability scorecards providing detailed insights into environmental, social, ethics, human rights, including child labor and forced labor. These scorecards are elaborated following customized questionnaires sent to suppliers as well as analysis of the documents sent by the suppliers. ENGIE expects a score of 45 minimum, and any supplier scoring below will require the creation of a corrective action plan to ensure their next assessment shows significant improvements.

### **Identified Risks in ENGIE Canada's Business and Supply Chains and Steps to Address the Risks**

#### ***Identified Risks***

ENGIE's approach to understanding the risks of forced labour and child labour in its operations and supply chains is driven by the following indicators:

- The country or geographical location from which its goods and services are procured;
- The categories of goods and services it procures;
- The sectors or industries from which it procures goods or services; and

The businesses or entities from which it procures goods or services.

ENGIE Canada's primary risks are those tied to the renewables industry: it is involved in the renewables industry in asset development and customer solutions (e.g., solar and wind). In particular, ENGIE Canada is aware that more than half of the global production of polysilicon, the raw material used in making solar panels, comes from the Xinjiang region of China, where conditions of forced labour have previously been identified. Solar-grade polysilicon made from mined quartz is mixed, melted, and cast into ingots, making it challenging to trace. As such, solar panels sourced from any country in the world have the potential to contain elements affected by forced labour.

In addition, ENGIE Canada is also aware of the risk of child labour in Quebec Region following a few press articles reporting a high rate of Child Labour in this Region.

Finally, ENGIE Canada's other major risks relate to upholding the fundamental rights of workers, including health and safety conditions, freedom of association, non-discrimination, working hours, and the fight against forced labour.

We take various actions and have various procedures in place to minimize the risks we identify.

## ***Steps to Address the risks***

### ***Due diligence process & Risk assessment***

ENGIE Canada applies the ENGIE due diligence policies for partners and suppliers. All investment projects are subject to systematic due diligence. In addition, major, preferred, and strategic suppliers undergo due diligence during the qualification process, incorporating an assessment on Human Rights.

If after level 1 due diligence, significant risks are identified, enhanced due diligence will be conducted via ENGIE internal team of investigators (the Due Diligence Bureau) or via external service providers. Where appropriate, mitigations measures will also be implemented. If an assessment reveals significant risks or impacts on local communities, ENGIE will not hesitate to renounce or stop the project.

ENGIE Canada sources materials from reputable suppliers who, to its knowledge, comply with labour laws and regulations.

### ***Contractual Obligations – ENGIE’s Ethics clause***

Pursuant to ENGIE’s Standard Ethics Clause, ENGIE Canada endeavors to incorporate an Ethics and Sustainable Development clause in its contracts, where possible. The clause requires business partners and suppliers to represent and warrant the following:

1. Adherence to ENGIE’s human rights and environmental commitments and Vigilance Plan;
2. Compliance with standards of international and national law, including the prohibition of child labour and any form of forced labour, and to ensure suppliers and subcontractors comply with the same;
3. Upon request, performance of risk assessments for environmental, ethical, human rights, and sustainable purchasing impacts resulting from activities;
4. The right to audit suppliers;
5. Immediate notification to ENGIE of any serious breach thereof; and
6. Agreement that any breach of the above-mentioned requirements may result in a suspension or termination of the agreement.

### ***Alert Mechanism – Whistleblowing System***

ENGIE has implemented a global Whistleblowing system available for all employees and external stakeholders worldwide. In addition, at ENGIE North America entities level, there is a complementary local whistleblowing system for all North America employees and external stakeholders.

Both systems are implemented in ENGIE Canada and enable the reporting of incidents related to ENGIE Ethics commitments and human rights violations, including the use of forced labour and child labour. To facilitate confidentiality and anonymity, the two systems are using a third-party provider which receives the reports and forwards the messages to the North America Ethics line for review, investigation, and treatment.



### Elaboration of specific actions plans related to forced labour and child labour

Where appropriate, specific actions plans are implemented to address risks. For instance, ENGIE North America entities, including ENGIE Canada, follow action plans elaborated by ENGIE, at the parent level, on the risk of forced labour in ENGIE's renewables projects supply chain. As part of this action plan, ENGIE engages in heightened due diligence on certain higher-risk suppliers and issues ethics questionnaires related to human rights and forced labour issues for completion by suppliers. We further request that suppliers provide a Bill of Materials in order to gain greater visibility into the upstream sourcing of materials and components and reduce risks of forced labour or child labour in the supply chain.

In addition, in 2022, ENGIE Canada devised an action plan to address the risk of child labour in its Quebec supply chain following press articles reporting rates of child labour in the region. Considering the nature of ENGIE Canada activities, it has been determined to send letters to the identified ENGIE Quebec suppliers, reminding them of their mandatory compliance with ENGIE commitments related to human rights, including forced labour and child labour.

### **Remedial Measures**

To date, ENGIE Canada has not encountered situations of forced labour or child labour practices within its Canadian supply chain. Thus, it has not had to remedy and rectify any such situation. If a need arose for remediation, ENGIE Canada has contract termination policies in place. For further certainty, Engie Canada confirms that it has not had to take any measures to remediate forced labour or child labour in its Canadian supply chain, or resulting measures to remediate the loss of income to the most vulnerable families.

### **Employee Training**

ENGIE incorporates human rights and issues of forced labour through its training and awareness-raising modules. Training is available to all ENGIE employees, including those employed with ENGIE Canada.

Since 2019, an e-learning module on human rights has been rolled out for all ENGIE employees. By the end of 2022, 13,050 employees had received human rights e-learning training. In 2022, ENGIE employees performing functions that pose a higher risk of human rights violations were identified and subject to a specific training plan.

More specifically, for certain positions, and in particular the Procurement Department, employees must complete mandatory ethics training on human rights, covering elements related to forced labour and child labour.

ENGIE Canada employees attend periodic e-learning or other online training.

Finally, ENGIE seeks to ensure awareness of its human rights commitments and the prohibition against forced labour and child labour through organizing dedicated Committees on the ENGIE Vigilance Plan and communications sent to employees explaining the ENGIE Human Rights Commitments.

### **Effectiveness of ENGIE Canada's Measures Against Forced Labour and Child Labour**

#### ***Internal Assessment***

Every year, all ENGIE entities, including ENGIE Canada, conduct a self-assessment on the implementation of various policies and processes including Human Rights Policy and ENGIE Vigilance Plan (**INCOME process**). This self-assessment includes analysis of the level of performance of ENGIE Human Rights Policy and ENGIE Vigilance plan within the entity as well as implementation of actions plan where appropriate.

**Risk Assessment**

Every year, all ENGIE entities, including ENGIE Canada conduct a human rights risk assessment via the Enterprise Risk Management process ("**ERM**"). The entities must assess their activities with regard to their impact on human rights, including forced labour and child labour, via a dedicated self-diagnostic scorecard. Furthermore, as part of the due diligence policies, they must also assess any new business activity via a dedicated scorecard designed to identify the risk factors specific to the planned activity.

In addition, ENGIE North America entities, including ENGIE Canada, also perform complementary risk analysis on human rights, forced labour, and child labour, resulting in, for example, the creation of a North America Vigilance Risks Mapping including assessment of the risks of forced labour and child labour in North America.

**Annual Ethics Review**

Beginning of each year, all ENGIE entities, including ENGIE Canada, perform an Annual Ethics Review covering the past year. This Annual Ethics Review includes a report and a questionnaire describing ethical actions undertaken, including those pertaining to human rights and the prohibition of forced labour and child labour. This report and questionnaire are then communicated and reviewed by ENGIE’s Ethics & Compliance Department at Corporate level.

ENGIE Canada is committed to monitoring itself and its suppliers to ensure it complies with the highest level of ethical and social standards. Through ENGIE’s ethics and compliance framework, assessment mechanisms and Vigilance Plan, ENGIE Canada has become aware of potential risks of forced labour in its activities and supply chain and can mitigate those risks.

Finally, complementary monitoring actions on the effectiveness of ENGIE’s measures against forced labour and child labour are conducted via the organization of ENGIE Vigilance Committees at Global and North America level, including discussions on Human rights, forced labour and child labour.

**Attestation**

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.

Denny Richard, Director

Date: May 30, 2024

DocuSigned by:  
*Denny Richard*  
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Signature \_\_\_\_\_

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*[Handwritten Signature]*

I have the authority to bind Engie Canada.