



**INNERGEX**

# Innergex's Fighting Against Forced Labour And Child Labour In Supply Chains Act Report 2023

February 21, 2024

## ABOUT THIS REPORT

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This report constitutes Innergex Renewable Energy Inc. and its affiliates Innergex Cartier Energy L.P. and Mesgi'g Ugu's'n (MU) Wind Farm, L.P. («Innergex», the «Corporation», «we», «our» or «us») first report on forced and child labour in supply chains for the financial year 2023, as required by Canada's new *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Act").

Innergex is committed to protecting human rights globally and to providing a fair and ethical workplace. We respect the standards embodied in the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the United Nations Declaration on the Rights of Indigenous Peoples. Specifically, Innergex strongly opposes forced or child labour and will not knowingly support or conduct business with any entity involved in such activities.

## OUR BUSINESS AND STRUCTURE

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The Corporation is incorporated under the *Canada Business Corporations Act* and is a listed company on the Toronto Stock Exchange.

Innergex is a leading Canadian independent renewable power producer. Active since 1990, it develops, acquires, owns, and operates hydroelectric facilities, wind farms, solar farms and energy storage facilities and carries out its operations in Canada, the United States ("U.S."), France and Chile. It owns and operates 87 facilities, including 41 hydroelectric facilities, 35 wind farms, nine (9) solar farms and two (2) battery energy storage facilities.

The Corporation shares ownership of some operating facilities, projects in development, and prospective projects, with corporate, financial, local community, or Indigenous partners.

The Corporation's head and registered office is located at 1225 Saint-Charles Street West, 10th Floor, Longueuil, Québec, Canada J4K 0B9.

## GOVERNANCE

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The Board of Directors (the "Board") is responsible for the stewardship of the Corporation. Its mandate is to oversee the management of the business and affairs of the Corporation while taking into account applicable laws, ESG criteria and shareholders' interests. Three committees, each composed of independent members and chaired by experts in each committee's oversight provide ancillary advice and recommendations to the Board. The Board has delegated to the Audit Committee and the Corporate Governance Committee the oversight of its ESG strategy, practices, and related codes and policies, including the Corporation's social responsibility.

In particular, the Audit Committee oversees the compliance of the Corporation with respect to applicable governmental and other authorities' legislation and regulations including overseeing certain elements pertaining to ESG related matters and disclosures.

The Corporate Governance Committee is responsible for overseeing the Corporation's sustainability and social and corporate responsibility as well as ensuring the implementation and compliance with corporate governance documents, including the [Code of Conduct](#) (the "Code"), different policies and procedures and the social and governance performance of the Corporation.

The Corporation is committed to proactive and strong risk governance, best of class ESG practices and oversight practices supported by the Board, its committees, and members of Management. Throughout the year, the Board and each committee review and assess specific risk topics and associated mitigation activities in greater details. The Board and its committees are assisted by Management, and the Investment Risk Oversight Committee, along with the internal and external auditors of the Corporation. The Board and the Investment/Risk Oversight Committee (comprised only of executive officers) are responsible for conveying and encouraging a culture of effective risk management throughout the Corporation in compliance with its ESG practices and applicable laws and in the best interest of all stakeholders.

### **Codes, Policies, and Processes**

In support of its commitment to protecting human rights globally and to providing a fair and ethical workplace, Innergex has put in place several codes and policies that apply globally and address international human rights standards including the risk of forced and child labour in its supply chain. These codes and policies are reviewed annually by the Corporation and were reviewed, and updated as needed, at the end of 2023 to ensure that forced and child labour in supply chains was addressed.

The Code applies in every country and to all of the its employees, officers, directors and consultants, and those of its affiliates, and provides the guidelines to ensure that high standards of respect, integrity, and honesty are apply in its day to day activities, and when dealing with others. It also outlines how Innergex's reputation as a good corporate citizen is maintained through the adherence of these high standards. Its core principles are commitments to promote:

- A culture of compliance with laws, rules, and regulations;
- A safe and respectful work environment; and
- Ethical behaviours and business practices.

The Code is also supplemented by other policies, such as the [Safeguard and Promotion of Human Rights Policy](#) and the [Whistle-Blowing Policy](#) which outline expected codes of behaviour for employees and officers in the performance of their duties, regardless of their level of responsibility. These policies contain high standards of behaviour and cores values which are, in addition to and not in replacement of, any laws and regulations in force in the jurisdictions in which Innergex develops or operates renewable energy production facilities. To ensure compliance with these codes, including the Code, a yearly mandatory training is imposed upon all employees, officers, directors, and consultants of the Corporation. This training is done through an on-line platform and is required to be completed during the months of December and January, each year.

Innergex's Safeguard and Promotion of Human Rights Policy covers each employee and director of Innergex, as well as third parties acting for or on its behalf, and outlines Innergex's expectations regarding adherence to applicable laws and internationally recognized frameworks that promote the rights and freedoms of all people. Innergex's commitment is to conduct its business in a responsible manner, in-line with its core values, while promoting basic and fundamental human rights. The policy supports the human rights principles contained within:

1. The Universal Declaration of Human Rights;
  2. The International Covenant on Civil and Political Rights;
  3. The International Covenant on Economic, Social and Cultural Rights (the "ICESCR");
  4. The International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work;
- and

## 5. The United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP).

Additionally, Innergex requires from its suppliers their adherence to its [Supplier Code of Conduct](#) (the “Supplier Code”). The purpose of the Supplier Code is to ensure that those suppliers comply with minimum internationally recognized standards such as the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights (the “ICESCR”), the International Labour Organization’s (ILO) Declaration on Fundamental Principles and Rights at Work, and the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). The policy address, among others, the following topics:

- Health and safety
- Human rights
- Maximum working hours
- Child labour
- Freedom of association and the right to collective bargaining
- Non-discrimination
- Forced labour
- Diversity and inclusion in the workforce
- Conflict minerals
- Environmental considerations

Suppliers are required to acknowledge and agree to the terms of the Supplier Code of Conduct as a condition of doing business with Innergex.

To effectively manage risks associated with forced labour and child labour possibilities in its supply chain, Innergex, in 2023, implemented a set of strategies and processes that will continue to evolve. These strategies and processes include:

- (i) a supplier evaluation, using publicly available information;
- (ii) inquiries into supply chain components, through detailed inquiries and investigations;
- (iii) strong contract with proper correctives measures, that prohibit forced labour and child labour;
- (iv) mandatory traceability protocols, with proper documentation submission, analysis, and approval by Innergex; and
- (v) audit rights, to ensure supplier’s compliance.

## SUPPLY CHAINS

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Innergex’s business needs consist of procurement of services and equipment related to its business, including hydro, wind, solar, battery storage, and hydrogen electrolyser systems in development, construction, and operation phases.

### Identification and Categorization

Innergex developed a risk assessment approach to manage risk associated with forced and child labour. Steps were taken during 2023 to formalize a process to identify and assess suppliers it engaged with, which will continue throughout 2024 until finalized, to understand and identify inherent risks associated with their geographical location or components. Using a supplier categorization system, during 2023, suppliers were classified based on the nature of products or services supplied and the geographical location they originate from. Certain categories identified as low risk, such as utilities and energy providers in Canada and the U.S., governmental and municipal institutions, financial and banking institutions, non-profit organizations from Canada and the U.S., and landowners, were excluded from detailed analysis. Our analysis extends to categories including general suppliers of products and services, transportation,

logistics, brokerage, legal, insurance, and healthcare providers. This initial identification, assessment, and categorization will continue to be expanded upon and improved as we move forward.

### **Risk Classification Criteria**

Innergex employs a systematic approach to classify partners into Low, Medium, and High-risk categories. This involves an evaluation of a combination of multiple factors including, amongst others, the type of service and product required, the category of supplier, the country of origin and, it also involves investigating their sensitivity to key criteria, such as:

- (i) code of conduct and compliance programs;
- (ii) ethical certifications;
- (iii) supply chain transparency and traceability protocols;
- (iv) audits or assessments collaboration;
- (v) country-specific labour regulations or issues;
- (vi) industry-specific labour regulations or issues; and
- (vii) presence in unstable countries or in conflict zones.

Several resources are utilized in the assessment process including the U.S. Customs and Border Protection's Withhold Release Orders and Findings List and the U.S. Department of Labor's Identifying Goods Produced with Inputs Produced with Forced Labor or Child Labor and List of Goods Produced by Child Labor or Forced Labor, and the Walk Free Global Slavery Index.

### **Risk Categories**

During 2023, the Corporation has established the following list of risks, by categories, as part of its review process. This list will allow the Corporation to focus its efforts and attention on the suppliers that present potentially more risk of non-compliance in its supply chain.

**Low-risk category** include but are not limited to:

- **Small Local Businesses:** Small businesses operating locally, often with transparent supply chains due to their scale and community-oriented nature.
- **Suppliers:** Suppliers whose workers are part of labour unions, as these organizations are bulwarks for workers' and human rights.
- **Publicly Traded Companies:** Suppliers that are part of publicly traded companies with strict reporting requirements, which can contribute to greater transparency.
- **Long-Term Partners:** Suppliers with whom the Corporation has a long-standing relationship and has consistently demonstrated adherence to ethical labour practices.
- **Canada, U.S. and Western Europe Suppliers:** Providers of services based exclusively in Canada and the U.S. or supplying products that use only raw materials from North America and Western Europe.

**Medium-risk** categories include but are not limited to:

- **Outside North America and Western Europe Suppliers:** Companies that offer services from outside of Canada, Western Europe, or the U.S., or when the products are manufactured with parts or raw materials from variable international sources, where further investigation is required to fully understand the supply chain complexity and associated risks.

**High-risk** categories include but are not limited to:

- **Companies located in regions of the world where forced labour or child labour has been reported, or companies that may use parts or raw materials sourced in those regions.**

- Companies that were already identified in publicly available reports to have exposure to allegations or confirmed reports of forced labour or child labour.

Innergex procures equipment (such as wind turbines, solar panels, and large electrical components) from a small number of global suppliers who may source, manufacture, or assemble these items (and the materials that comprise them) in countries considered higher risk under the Walk Free Global Slavery Index<sup>1</sup>.

In 2023, Innergex took steps to procure major equipment for solar developments, applying strenuous due diligence to high-risk areas of forced or child labour. To manage the possible human rights risks in relation to solar part procurement, Innergex took steps to:

- Ensure every contract signed with suppliers includes the addition requirement of the supplier signing the Supplier Code as a condition of doing business;
- Have suppliers provide letters of attestation that their equipment/services are free of forced or child labour;
- Request that any supplier doing business with Innergex provide their own Code of Conduct and Supplier Code of Conduct (if available) to Innergex;
- Have suppliers identify whether the parts or service they are contracted to provide originate from any region known for forced or child labour; and
- Identify opportunities to carry out third-party audits of facilities where there is a geographic heightened risk of forced or child labour.

## REMEDIATION MEASURES

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Innergex is committed to providing remediation for any confirmed instances of forced or child labour in its supply chain should such an event arise. In 2023, Innergex did not identify, nor was it alerted to, any instances of forced child labour in its supply chain. For this reason, there has not been any opportunities to provide remediation in 2023.

Innergex has also a non-retaliation policy in its Code and Supplier Code to allow any employees or suppliers to report any violation of those codes or any applicable laws and regulations and to ensure that the Corporation is made aware of any such violation. In addition, contracts with suppliers contain clear rights that will allow the Corporation to act and to take the necessary measures to prevent or put an end to any such violation.

## ENSURING EFFECTIVENESS OF PROCESSES

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While we have not yet taken any action to ensure the effectiveness of our process, Innergex has put in place an internal working group to identifying risks in our supply chain, conducting research on global trends, and developing best practices to avoid or mitigate any issues in our supply chain. As we further develop our internal capacity and knowledge, we will adjust and improve our processes as required to properly assess the effectiveness of our efforts to prevent forced and child labour.

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<sup>1</sup> <https://www.walkfree.org/global-slavery-index/>

## EMPLOYEE TRAINING

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All Innergex employees, officers, directors, and consultants are required to complete an annual training session that includes modules on our Code, ethical behaviour, and respect and civility in the workplace which includes sections on the [Anti-Corruption and Anti-Bribery policy](#) and the Safeguard and Promotion of Human Rights policy. This later Policy specifically includes references to child and forced labour as well as the international human rights conventions that Innergex supports (see Section 3 Policies and Processes above).

In 2023, members of our Procurement, Legal, ESG, and Asset Management teams participated in training on the Government of Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Bill S-211). Subsequently, Innergex created an internal working group tasked with identifying risks in our supply chain, conducting research on global trends, and developing best practices to avoid or mitigate any issues in our supply chain.

Additionally, in 2023, our Procurement and Asset Management team members underwent a training session on the Supplier Code.

Corporate-wide training on the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* and Innergex's approach to ensuring its supply chain is free of any violations will be included in this mandatory annual training 2024.

## ATTESTATION

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In accordance with the requirements of the Act, and in particular section 11 thereof, this report was approved by the Board of Directors of Innergex Renewable Energy Inc.

In accordance with the Act, I, the undersigned, 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.

I have the authority to bind Innergex Renewable Energy Inc.

Dated this 21st day of February in the year 2024.



Michel Letellier, President and CEO

Director of Innergex Renewable Energy Inc.