



## Atomic Energy of Canada Limited

*Leveraging the full potential of Canada's  
expertise in nuclear technology to achieve  
a better future for Canada and the world.*

## 2023-24 Supply Chains Act Report

Reporting obligations under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, S.C. 2023, c. 9.

AECL acknowledges, with gratitude, that we operate on unceded territories that have, since time immemorial, been the traditional lands of Indigenous peoples in Canada. We pay respect to all Indigenous people, from all nations across Canada. We acknowledge the traditional knowledge keepers, both young and old. And we honour their courageous leaders: past, present, and future.

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## Our Organization

Atomic Energy of Canada Limited (AECL) is a federal Crown corporation<sup>1</sup> that advances Canada's interests through leading edge nuclear science and technology research and protecting the environment by fulfilling the Government of Canada's radioactive waste and decommissioning responsibilities. This includes combatting climate change, clean energy growth and decarbonization strategies, pioneering new treatments for cancer and other diseases, and accelerating Canada's environmental remediation projects.

AECL has been operating for over 75 years. We currently operate exclusively within Canada and have approximately 50 employees. Since 2015, AECL has been delivering its mandate through a Government-owned, Contractor-operated (GoCo) model, whereby a private-sector organization, Canadian Nuclear Laboratories (CNL), operates and manages AECL's sites pursuant to a contractual arrangement. Under this GoCo model, AECL owns the sites, facilities, assets, and intellectual property, while CNL is responsible for the day-to-day operations as a contractual counterparty under AECL's oversight.

AECL operates under the governance structure defined by the *Canada Business Corporations Act* and the *Financial Administration Act* of Canada. As a Crown corporation, AECL is wholly owned by the Government of Canada, represented by the Minister of Energy and Natural Resources. Its Board of Directors, including the Chair and the President and CEO, are appointed by the Government.

## Overview

As a measure to fight against forced and child labour risks in supply chains for Canadian organizations, the Government of Canada is now requiring government institutions, such as AECL, and entities to report annually on their compliance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Act"). In accordance with the requirements of the Act, this report describes AECL's activities in assessing and mitigating the risks of forced and child labour in our supply chains used for the producing, purchasing or distributing of goods. This inaugural report covers AECL activities from April 1, 2023, to March 31, 2024 (the "Reporting Period"). While AECL

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<sup>1</sup> AECL is a Schedule III, Part I Crown corporation under the *Financial Administration Act*, is an agent of His Majesty in Right of Canada and receives funding from the Government of Canada.

procures a low value of goods to support its operations, AECL does not “produce” or “distribute” goods as a function of its operations.

During the Reporting Period, in reviewing organizational compliance with the requirements of the Act, AECL retained an external consulting firm to conduct a current state and gap analysis to assess existing AECL policies and procedures relating to forced and child labour risks, and to identify opportunities for improvement.

This report addresses AECL’s activities in the Reporting Period and highlights our future commitments to address these risks in our supply chains and operational activities.

## Our Procurement Landscape

AECL is dedicated to fostering an ethical, sustainable, and transparent procurement process. AECL’s Procurement Procedure governs our procurement activities and is structured to encourage not only ethical and sustainable conduct but also social responsibility amongst our employees and suppliers. This commitment helps us maintain the integrity of our operations and uphold our high standards.

As a unique organization primarily focused on advancing nuclear science and technology research, the decommissioning of nuclear sites, and the oversight of other CNL operations, AECL’s procurement of goods is minimal. Goods purchased are primarily for low-value items such as office equipment, supplies, and software licenses for AECL employees’ internal use. The majority of our procurement activities are focused on obtaining advisory and consulting services to support our missions and operations. AECL does not engage in the production or distribution of goods as a function of our operations. Instead, our research and decommissioning sites are managed and operated by CNL<sup>2</sup>. The goods procured in support of operations at AECL sites and facilities are primarily conducted by CNL.

Our goods supply chain, while not constituting a significant portion of AECL’s overall expenditure, plays an important role in supporting our operational activities.

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<sup>2</sup> As a private-sector organization, CNL is filing its *Supply Chains Act* report separately as an Entity, in accordance with the requirements of the Act.

## Responsible Sourcing

AECL is proactively making strides towards strengthening its commitment to ethical sourcing and upholding human rights principles in our operations and supply chains. AECL is currently developing a Supplier Code of Conduct, expected to be deployed in the next reporting period to AECL suppliers. This comprehensive code will include expectations related to ethical supplier conduct in the course of business. Amongst other requirements, the Supplier Code will include our expectations for suppliers to uphold human rights and recognized labour standards, and to mitigate and monitor for forced labour and child labour risks in their operations.

In addition, since early 2023, as part of our competitive procurement process for the next major GoCo contract period (starting in 2025) for the management and operations of CNL, AECL has incorporated a Code of Conduct for Procurement applicable to prospective bidders participating in the Request for Pre-Qualification and Request for Proposal processes. According to this Code of Conduct for Procurement, respondents, bidders and ultimately the new Contractor are required to operate lawfully and conduct their activities in a socially and environmentally responsible manner by, at a minimum, meeting the expectations set forth in this Code and the law. This Code explicitly expresses AECL's expectations in ensuring that the Request for Proposal respondents, bidders and the ultimate Contractor are each compliant with Canada's laws prohibiting human trafficking, forced labour and child labour.

AECL is also in the process of updating its Supplier Terms and Conditions. This update will be released in the next reporting period and will incorporate expectations for ethical sourcing, further reinforcing AECL's commitment to human rights and mitigation of forced and child labour risks in its supply chains.

During the Reporting Period, AECL developed and trialed a third-party due diligence screening form, which includes a section on human rights protection. This form was used in a preliminary due diligence screening of select suppliers providing essential products and services, with a focus on contracts valued at over \$25,000<sup>3</sup>. AECL has completed the mapping of its applicable direct suppliers of goods. This process identified a limited number of suppliers in vulnerable sectors,

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<sup>3</sup> The single-source threshold of \$25,000 set by the Treasury Board of Canada guidelines forms the basis of this approach. It is viewed as a reasonable and scaled approach to conducting further due diligence screening. By adopting this threshold, AECL ensures compliance with government standards while facilitating effective risk assessment in procurement processes.

marking an important step towards comprehensive risk management. AECL is committed to integrating this screening process into its procurement procedures and conducting further risk analyses in the upcoming year. This ongoing dedication to responsible and ethical business practices underscores AECL's commitment to its stakeholders.

AECL has long recognized the importance of safeguarding the integrity of sensitive data and information. As a testament to this, AECL has a long-standing practice of vetting suppliers and consultants through its own rigorous security clearance process. This is a requirement that is vital for projects spanning nuclear industry consulting, office renovations, and facility decommissioning. These consultants and contract staff must obtain appropriate security clearances before accessing any AECL data and facilities. This practice demonstrates AECL's dedication to ethical sourcing and safeguarding the integrity of its operations, while enhancing supplier accountability and promoting supply chain transparency. In the next reporting period, AECL will be enhancing its Procurement Procedure to also take into account forced and child labour risks amongst its suppliers.

AECL will incorporate child labour and forced labour risks in its supply chains within its Enterprise Risk Management (ERM) assessment to ensure they are prioritized within key business processes. This initiative underscores our dedication to ethical business practices and our responsibility to uphold recognized human rights standards. It is AECL's belief that this comprehensive approach to risk management will further strengthen our operations and stakeholder relationships.

## Gap Analysis and Risk Assessment

During the Reporting Period, AECL engaged an external consulting firm to conduct a current state and gap analysis of AECL's existing policies and procedures relating to forced and child labour risks, and to provide opportunities for improvement in managing these risks in our supply chains. This exercise resulted in recommendations for our consideration for implementation over the coming years.

During the Reporting Period, AECL drafted and trialed a process of identifying potential risks with certain suppliers regarding forced and child labour. Based on findings to date, AECL believes our activities and supply chains carry a very low risk of forced labour and child labour. Although a comprehensive supplier risk assessment to identify risks in this area has not yet been conducted, AECL is committed to conducting further risk analyses in the next reporting period in this regard. In

addition, AECL will be continuing its efforts in supply chain mapping in areas of risk, in order to address any opportunities for mitigation and remediation, where applicable. In the future, AECL also plans to implement procedures to assess effectiveness in ensuring that forced labour and child labour are not being used in our activities and supply chains.

As a result of the aforementioned factors, including AECL's very limited activity in the procurement of goods, AECL has not identified any incidents or circumstances of forced or child labour in our supply chains or otherwise. Accordingly, AECL has not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced or child labour in our activities and supply chains.

## Awareness of Our Workforce

During the Reporting Period, AECL successfully delivered its first all-employee awareness session addressing the risks of forced labour and child labour in supply chains. The session realized a positive turnout with 88% of employees in attendance.

AECL's Hours of Work Policy and Procedure sets forth guidelines and expectations regarding work hours and rest periods in line with the Canada Labour Code and reinforces AECL's commitment to treating people with respect by supporting flexible work arrangements and work/life balance. This Policy is being updated in the next reporting period and will include expectations for awareness and compliance with recognized human rights principles, including intolerance for forced labour, child labour and human trafficking in our operations.

AECL has an established Code of Conduct on which all employees are trained regularly. The Code outlines a robust system for the reporting of ethical concerns and violations. This system, which includes the anonymous reporting platform through ClearView Connects, allows AECL employees, contractors, and consultants to report violations to a Manager, the Senior Officer, Disclosures, or directly to the President and Chief Executive Officer. All parties under the Code must promptly report potential violations so that they can be addressed in a timely manner. The Code provides a formal process for disclosing ethical violations and wrongdoing, which although not specifically mentioned, would include any suspected forced labour or child labour incidents. Treating people with respect, dignity and fairness and upholding the highest ethical standards are expressed in the Code as fundamental values to AECL operations. AECL plans on updating its Code of Conduct and training to

also include expectations for compliance with human rights principles, including intolerance for forced labour, child labour and human trafficking in our operations.

The Code of Conduct also reflects AECL's requirements to satisfy the 2007 Public Servants Disclosures Protection Act (PSDPA) and the Values and Ethics Code for the Public Sector (Public Sector Code). The PSDPA gives federal public sector employees, contractors, suppliers, and others a secure and confidential process for disclosing serious wrongdoing in the workplace, such as “an act or omission that creates a substantial and specific danger to the life, health, or safety of persons, or to the environment...”. Suspected forced or child labour would therefore be reportable through the PSDPA process as well. Reports under the PSDPA can be made to the Public Sector Integrity Commissioner, further enhancing AECL's commitment to transparency and integrity.

AECL has a zero-tolerance policy for workplace discrimination as well as harassment and violence and is committed to providing a safe, healthy, and supportive work environment for its employees with respect and sensitivity.

As part of the recruiting process, AECL candidates apply for employment voluntarily through its recruitment system. AECL's established People Policy outlines our high standards and expectations regarding excellence in our people, leadership, values, ethics and employee engagement. All employees are valued members of AECL and are treated with fairness, respect and dignity. We are dedicated to providing a workplace where employees have meaningful work. We are committed to providing a safe and healthy workplace, including the prevention and protection from physical injury, as well as supporting the mental well-being of our employees. AECL is dedicated to transparency, accountability and fostering excellence in its people, as reflected in its comprehensive policies and practices.



## Conclusion

As AECL diligently progresses with the review of our supply chains, we believe there are opportunities for improvement, particularly in mitigating possible supply chain risks and incorporating language related to forced and child labour in our relevant policies and procedures. AECL will continue to prioritize our efforts to ensure sustained compliance with the Act.

As part of our practice of engaging vendors while upholding the values of ethics and transparency, AECL commits to exercising due diligence with relevant suppliers by way of compliance and security screening, as well as implementing a Supplier Code of Conduct and including forced and child labour in its risk management process.

## Report Submission

This report is being submitted on behalf of AECL in accordance with subsection 6(1) of the Act.

2024-05-27

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Fred Dermarkar  
President and Chief Executive Officer  
Signed by: Fred Dermarkar

Atomic Energy of Canada Limited