

Supply Chain Risk Report

Connect Atlantic Utility Services Incorporated

May 31, 2024

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Section 1) Overview

CAUS is committed to ensuring that our supply chains are free from forced and child labour. As part of our compliance with Bill S-211, we have prepared this report to outline our efforts in identifying, preventing, and addressing these unethical practices.

In our last financial year, we have completed a detailed review of our supply chains, identified where risk exposure exists, and have taken steps to strengthen our internal policies and procedures to combat forced and child labour. These include amendments to our Quality Management System (QMS), which govern our procurement procedures, amendments to our legal contracts with suppliers, which contractually obligates our suppliers to provide information for that due diligence process, and the implementation of a monitoring system to assess the effectiveness of these new policies.

Implementing policies that prevent forced and child labour embody our fundamental principles of integrity, respect, and responsibility. These unethical practices inflict harm on individuals and erode the trust and credibility within industry. By maintaining supply chains free from these practices, we hope to uphold the rights and dignity of all workers, promote fair labor standards on a global scale, and reinforce our standing as a conscientious and ethical organization.

Section 2) Supplemental Information

Part A: Structure, activities, and supply chains

Structure

Connect Atlantic Utility Services Corporation (CAUS) was founded in 2019 and is a Nova Scotia based unlimited liability corporation. At this time, CAUS does not have any subsidiaries. Our workforce can fluctuate between 100-250 employees and all of those employees are all located in Canada. We also engage consultants from both inside and outside of Canada. We confirm that CAUS meets the definition of an 'entity' outlined in bill S-211.

Activities

We are a high voltage electronic contractor active in each of the Atlantic Canada provinces, and our expertise spans project management, design, construction, testing, maintenance, commissioning, and inspections. Our fleet of over 100 vehicles, capable of both on-road and off-road operations, enables us to handle projects of varying scales, from small urban distribution

jobs to large remote high voltage wood and steel transmission projects. Supported by Pilot Wave Holdings, our majority owner, we leverage data science and analytics to enhance our services and maximize return on investment for our customers. We pride ourselves on completing projects safely, on time, on budget, and with exceptional quality.

Supply chains

Our supply chain in the last 12 months was limited to Canada and the United States and involves suppliers who provide:

- 1) materials and equipment that we import and install on behalf of our customers in Canada, and
- 2) automobiles and construction equipment that we utilize ourselves in the execution of our work

Although CAUS does meet the requirement as an 'entity' in Bill S-211, it is unclear if the 'very minor dealings' exception would apply to CAUS. Given there is no prescribed threshold for the minimum value of goods that an entity must import in order for the act to apply, we lean towards increased transparency which is consistent with our company culture.

Imported material makes up roughly 2% of our total COGS over the previous 12 months and of that 2%, CAUS would not have been the importer of record for all of those transactions.

Part B: Policies and due diligence processes

Policies

CAUS is committed to maintaining ethical labor practices across all our operations and supply chains. We uphold the highest standards of integrity and responsibility, ensuring that forced and child labor have no place in our business. Our commitment extends to continuous monitoring and improvement of our labor practices to foster a safe, fair, and respectful working environment for all our employees and partners.

Due diligence processes

In response to B-S211, we have taken the following actions:

- 1) Developed and implemented due diligence policies and processes into our Quality Management System (QMS) for identifying, addressing, and prohibiting the use of forced labour and/or child labour in the organizations activities and supply chains.

Our QMS has been in place since 2019 and is the cornerstone of our operations, providing a comprehensive and structured approach to achieving our business goals. A QMS is a structured system of procedures, processes, and practices that an organization uses to ensure that it consistently meets customer and regulatory requirements. It is designed to improve the quality of products and services, enhance customer satisfaction, and drive continuous improvement within the organization. We have specifically updated our QSP 840 'Control of Externally Provided Process, Products and Services' to allow for the performance of due diligence on suppliers related to identifying, addressing and prohibiting the use of forced labour and/or child labour in the organization's activities and supply chains.

- 2) Began to develop and are in the process of implementing anti-forced labour and/or child labour contractual clauses

We will include language in our purchase orders that will, as a condition of purchase, require our suppliers to disclose information required to allow us to follow the due diligence standards we have set for ourselves in QSP 840 (outlined above).

- 3) Initiated monitoring of suppliers from outside Canada

Given to date our importation of goods from outside Canada in our last financial year was limited to the United States, we have initiated monitoring of the U.S. Department of Labor's 'List of Goods Produced by child Labor and Forced Labor' to identify risks that goods imported have been produced by child labour or forced labour.

Part C: Forced labour and child labour risks

We have reviewed our supply chains in detail and determined that that the area of our business that is most susceptible to forced labour or child labour being used is in the procurement of materials from companies outside Canada, specifically the procurement of high voltage electrical equipment and material. The raw materials/commodities used in the manufacturing of this equipment and material can come from countries which have had

higher instances of forced labour or child labour being used. Because of this, we have focused on due diligence on this area of our business.

As discussed in Part B above, we have a three-pronged approach:

- 1) Build a risk-assessment into our QMS, which sets the expectation for everyone at CAUS with respect to procurement of items susceptible to forced labour or child labour.
- 2) Amend our purchase order terms and conditions, which ensures that the supplier acknowledges and agrees to give us access to information to perform that due diligence, and
- 3) Continually monitor appropriate government bulletins and advisories that identify countries of origins, and the associated goods, most at risk pertaining to the use of forced labour and child labour

Part D: Remediation measures

Based on our due diligence in the past financial year, we have not identified any forced or child labour in our activities or supply chains.

Part E: Remediation of loss of income

Based on our due diligence in the past financial year, we have not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in our activities and supply chains.

Part F: Training

While CAUS has a rigorous training plan for our employees, we have not in the past conducted training focused solely on forced labour and child labour awareness. Now that forced labour and child labour are part of our company QMS (QSP 840 amendments), and we do provide training on the QMS, we have the opportunity to focus future training sessions on these new amendments.

In the coming financial year, we will be providing external training from a subject matter expert for all those employees who play a role in the procurement process at CAUS. The training will be mandatory for those that play a role in the procurement process and for senior executives, but optional for those employees outside the procurement group. We expect the

mandatory attendee count to be less than 10 employees and would likely be between 1-2 hours in length.

Part G: Assessing effectiveness

In response to B-S211, we initiated the changes outlined in Section 1. We have also initiated an annual review of the effectiveness of these policy and procedure changes. Given the policy and procedure changes just recently took effect, CAUS has not yet assessed the effectiveness of these changes in preventing and reducing risks of forced labour and child labour. Our next report will include the results of the first assessment.

Attestation of Approval

In accordance with the requirements of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Act), and in particular section 11 thereof, I, in the capacity of CFO, attest that I have reviewed the information contained in the report on behalf of the governing body of the entity 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 within this report.

- **Christopher Upham**
- **CFO**
- **May 31, 2024**



I have the authority to bind 'Connect Atlantic Utility Services Corporation.'