



# 2023 Report

## Modern Slavery Review

April 2024

### 1.0 Introduction

This Report is made jointly by EPCOR Utilities Inc. (“EUI”) and certain of its affiliates<sup>1</sup> (collectively, “EPCOR”, “we”, “our” or “us”) for the financial year ending December 31, 2023 and sets out the steps EPCOR has taken to prevent and reduce the risk that forced labour or child labour is used by EPCOR’s Canadian operations or in the production of goods imported into Canada by EPCOR.

This Report constitutes the first report prepared by EPCOR pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chain Act* (“the Act”) and, for clarity, only applies to EPCOR’s Canadian operations.

### 2.0 EPCOR’s Structure, Activities & Supply Chain

#### 2.1 Structure

EPCOR consists of corporations created under the *Business Corporations Act* (Alberta) with corporate head office in Edmonton, Alberta. The common shares of EUI are owned by The City of Edmonton (the City) and was established by Edmonton City Council in 1996 under City Bylaw 11071. EPCOR’s business is the provisions of utility and related services.

EPCOR’s organizational structure consists of an independent Board of Directors and Executive Leadership Team, providing oversight and management of EPCOR and its operations.

The Board and Executive Leadership structures are as follows:

#### Board of Directors:

Janice Rennie, *Chair*

David Hay, *Director*

Richard Cruickshank, *Vice Chair*

Alan Krause, *Director*

Leontine van Leeuwen-Atkins, *Director*

Catherine Roozen, *Director*

Mary (Margaret) Bateman, *Director*

Nizar Jaffer Somji, *Director*

Vito Culmone, *Director*

Dr. Verna Yiu, *Director*

Robert (Bob) Foster, *Director*

<sup>1</sup> EPCOR Utilities Inc. (Corporate Services), EPCOR Utilities Holdings Inc., EPCOR Distribution & Transmission Inc., EPCOR Energy Alberta GP Inc., EPCOR Energy Alberta Limited Partnership, EPCOR Commercial Services Inc., 1772387 Alberta Limited Partnership, 1772387 Alberta Ltd., EPCOR Holdings East Inc., EPCOR Collingwood Distribution Corp., EPCOR Collingwood Services Corp., EPCOR Electricity Distribution Ontario Inc., EPCOR Technologies Inc. and EPCOR Water Services Inc.

### **Executive Leadership Team:**

John Elford, *President & CEO*

Tony Scozzafava, *Senior Vice President & Chief Financial Officer*

Shawn Bradford, *Senior Vice President, Regulated U.S. Water*

Kirstine Hull, *Senior Vice President, Corporate Services*

Jennifer Addison, *Senior Vice President, Sustainability, General Counsel & Corporate Secretary*

Joe Gysel, *Senior Vice President, North American Commercial Services*

Frank Mannarino, *Senior Vice President, EPCOR Water Services*

Amanda Rosychuk, *Senior Vice President, Electricity Services*

Stephen Stanley, *Senior Vice President, Strategic Initiatives*

## **2.2 Activities**

EPCOR, through its subsidiaries, operates through the following business units:

### **Water Services**

Water Services is primarily involved in the treatment, transmission, distribution and sale of water, the collection and conveyance of sanitary and stormwater, and the treatment of wastewater within Edmonton and other communities surrounding Edmonton. This business also includes the provision of design, build, finance, operating and maintenance services for municipal and industrial customers in Western Canada.

### **Distribution and Transmission**

Distribution and Transmission is involved in the transmission and distribution of electricity within Edmonton. This business owns and operates high voltage substations, transmission lines and cables that are primarily situated within and around Edmonton and form part of the Alberta Interconnected Electric System power grid. It also owns and operates aerial and underground distribution lines and related facilities for the distribution of power to end users, and provides its distribution infrastructure and service to electricity retailers who, in turn, provide electricity to end use customers.

### **Energy Services**

Energy Services is primarily involved in the provision of the Regulated Rate Option (RRO) electricity service and default supply electricity services to customers in Alberta. Energy Services also provides competitive electricity and natural gas products under the Encor brand.

## **North American Commercial Services**

North American Commercial Services includes business development activities related to the provision of design, build, finance, operating and maintenance services for municipal and industrial water, wastewater, electricity and natural gas customers in North America. This business also includes electricity distribution in Canada and natural gas distribution and transmission businesses in Canada and the U.S.

## **U.S. Regulated Water**

U.S. Regulated Water is primarily involved in the treatment, transmission, distribution and sale of water, the collection and treatment of wastewater, and construction of related facilities in Arizona and New Mexico. This business operates in nine water utility districts and four wastewater utility districts consisting of developer-built communities within these state municipalities.

## **Corporate Services**

Corporate Services provides certain centralized support services to EPCOR's businesses, including governance, risk management, finance, treasury, internal audit, information services, supply chain management, human resources, learning and development, public and government affairs, legal, and health, safety and environment.

**Employees:** As at December, 31, 2023, EPCOR Utilities Inc. had a total of 3,623 full-time, part-time, temporary and casual employees. Of those, 3,188 are within EPCOR's Canadian and North American Commercial Services operations, and 435 within EPCOR's U.S. Regulated Water operations.

**Locations:** The following map shows the primary locations of EPCOR's activities.



EPCOR does not own or operate any goods production, manufacturing, growing, extracting, processing, sale or distribution facilities. However, it does import goods from other countries. The table below shows the locations of all of EPCOR’s Tier 1 suppliers (i.e., the direct supplier of the final product).

Location	Number of Tier 1 suppliers listed in EPCOR’s database	Percentage of Tier 1 suppliers in the identified location
Canada	7,748	67.0%
United States	3,763	32.5%
Other	44	0.5%
Total	11,572	

As shown in this table above, the vast majority (99.5%) of EPCOR’s Tier 1 suppliers are located in Canada and the United States.

## **2.3 Supply Chains**

EPCOR purchases a variety of goods and services to support its operations. Its supply chains cross many industries and sectors, with several having complex multi-tiered and global downstream supply chains.

In 2023, EPCOR's Canadian-based operations issued purchase orders totaling \$596 million CAD with 1,443 active Tier 1 suppliers. EPCOR's supply chain consists of the following major spend categories:

- Construction contractors and trades
- Engineering and architectural services
- Major equipment including power transformers, switching cubicles, water treatment plant and water distribution equipment
- Utility infrastructure products (cable, wire, utility poles, water/sewer pipe, etc.)
- Water treatment chemicals
- Maintenance, repair, and operations products including electrical hardware, water system parts and materials, tools, consumables, furniture, office equipment and supplies, etc.
- Personal protective equipment and apparel
- Fleet vehicles and fleet maintenance parts and services
- Information technology hardware, software and related services
- Professional services including management consultants and contractors and legal, regulatory and tax services

## **3.0 Summary of the parts of EPCOR's business that carry a risk of forced labour or child labour, and steps EPCOR has taken during the previous financial year to assess and manage the risk**

EPCOR completed the following steps in 2023:

### ***Step 1: Established governance to address risks of forced labour and child labour***

EPCOR formed a Modern Slavery Review Committee (MSRC), including members of EPCOR's Supply Chain and Legal (which includes compliance) teams, for the purpose of preventing and reducing the risk of forced labour and child labour being used within its business and supply chains.

### ***Step 2: Assessed the risk***

EPCOR completed an internal assessment to determine the risks of forced labour and child labour within its goods supply chains.

At a high level, this included four steps related to high risk goods (i.e. those at a higher risk of being produced using forced labour or child labour) that it purchased.

1. Created a list of its Tier 1 suppliers and their locations. This list contained 11,572 Tier 1 suppliers.
2. Cross referenced the list of Tier 1 suppliers against the U.S. Department of Labor 2022 list of goods at risk for forced and child labour, and Walk Free's Global Slavery Index list to identify Tier 1 suppliers that were located in countries where there is a high risk of forced labour and child labour. EPCOR identified seven Tier 1 suppliers located in high risk countries.
3. Identified the goods that were purchased from suppliers located in high risk countries.
4. Assessed whether or not the goods identified in Step 3 were high risk, based on information included on the 2022 U.S. Department of Labor list of Goods Produced by Child Labor or Forced Labor and Walk Free's Global Slavery Index.

Based on the above, EPCOR did not identify any high risk goods. If EPCOR identified, or became aware of the use of forced labour or child labour in its goods supply chains, it would respond as outlined in section 5.0 below.

With respect to its supply chains and businesses, EPCOR must comply with all Canadian labour laws. As a result, the risk of forced labour and child labour in EPCOR's services supply chains and businesses is perceived as low.

### ***Step 3: Ensured forced labour and child labour restrictions are included in its standard form contracts' Terms and Conditions***

In 2023, EPCOR reviewed the Terms and Conditions (T&Cs) included in its various goods and services contracts to ensure the T&Cs contained restrictions on the use of forced labour and child labour. Two actions were identified for 2024:

1. EPCOR will include a clause restricting the use of forced labour and child labour in the T&Cs used in all of its goods contracts.
2. EPCOR will add a contractual requirement on goods and services providers to notify EPCOR if they identify that forced labour or child labour is used within their business or supply chains.

## **4.0 EPCOR'S policies and due diligence processes in relation to forced labour and child labour.**

EPCOR is committed to responsible business conduct and has implemented a number of due diligence processes and policies to support economic, social and environmental sustainability. For more information, please see EPCOR's 2023 Environmental Social and Governance (ESG) Report, available on [epcor.com](http://epcor.com).

EPCOR's policies and due diligence related to forced labour and child labour are discussed below.

**Collective Agreements.** EPCOR's non-management employees are, with limited exceptions, covered by collective agreements that provide for labour and bargaining rights and protections. This helps ensure that EPCOR's unionized workforce is free of forced labour and child labour.

The following labour unions are present at EPCOR:

- Civic Services Union local 52
- Canadian Union of Public Employees Local 30 & 7667
- International Brotherhood of Electrical Workers local 1007
- Power Workers' Union local 1000

**Legal Standard Form Contracts & Contract Review Procedure.** With limited exceptions, EPCOR uses standard form contracts to ensure that EPCOR contracts mitigate risks and bind suppliers to applicable legislative or regulatory requirements, and EPCOR policies.

These contracts contain express provisions dealing with compliance with policies and the law, including those related to forced labour and child labour. The following is an excerpt from EPCOR's standard form contract conditions:

*The Contractor undertakes to the Owner that in connection with its performance hereunder it (1) does not currently, will not, and will ensure that its Contractor Personnel do not, and (2) will use best efforts to cause any other person for whose acts it may be vicariously liable, and any other person that provides services for or on behalf of it (in each case while acting in such capacity) not to:*

*employ or use any form of forced, bonded or compulsory labour, or other forms of slavery or human trafficking and will in addition take commercially reasonable steps to ensure that there is no form of modern slavery employed or used within its business or in its supply chain;*

As at the end of 2023, the above provision was included in the majority of EPCOR's standard form contracts and, as noted above and in Step 3 of Section 3, will be added to EPCOR's remaining standard form contracts in 2024.

**Ethics Policy.** EPCOR's Ethics Policy applies to all employees, officers and directors. This policy describes ethical responsibilities internally to each other, and externally to EPCOR customers and suppliers; and requires that employees, officers and directors conduct themselves with integrity, honesty, respect and in compliance with the law.

EPCOR has an Ethics Officer as well as an Ethics Committee, which oversees EPCOR's ethics program. It is comprised of:

- EPCOR's President and CEO (Chair), the Senior Vice President of Corporate Services (Vice-Chair), the Senior Vice President, Sustainability, General Counsel and Corporate Secretary, and Senior Vice President and Chief Financial Officer; and

- appropriate representatives from the affected business units, as determined by the Ethics Committee.

**Comply with Applicable Laws and Trade Agreements.** EPCOR complies with all applicable Canadian laws and where required, also complies with the *Canada-European Union Comprehensive Economic and Trade Agreement* and the *Agreement on Trade Continuity between Canada and the United Kingdom of Great Britain and Northern Ireland* and therefore must be committed to “the elimination of all forms of forced or compulsory labour” and the “effective abolition of child labour” (Article 23.3).

#### *Ongoing Plans*

In 2024, the following actions are planned to help strengthen EPCOR’s due diligence processes related to mitigating risks associated with forced labour and child labour:

- Include a supplier self-assessment questionnaire in Requests for Proposals when potentially procuring high risk items, or from high risk areas;
- Include clauses restricting forced and child labour in the T&Cs used in all of its standard form contracts and add a clause requiring all providers to notify EPCOR if they identify that forced labour or child labour is used within their business or supply chains;
- Review EPCOR procurement processes and consider the creation of a Supplier Code of Conduct with specific requirements related to forced labour and child labour;
- Review EPCOR’s Ethics Policy and update, if necessary, to include employee accountabilities specifically related to forced labour and child labour.
- Review potential training programs to deliver relevant training to employees who play a role in supporting the identification of, protection against, and risk mitigation of any cases, or suspected cases, of forced labour or child labour; and
- Investigate methods used to assess the effectiveness of EPCOR’s approach to ensuring that forced labour and child labour are not being used in its business and supply chains.

## **5.0 Any measures taken to remediate any forced labour or child labour.**

In 2023, EPCOR did not identify any cases, or suspected cases, of forced labour or child labour. As such, EPCOR did not undertake any remediation measures in its business or supply chains.

If EPCOR does identify a suspected case of forced labour or child labour used in its businesses or supply chain, it will follow the steps outlined in Walk Free’s Modern Slavery Responses and Remedy Framework which may include:

1. Investigate and Verify
2. Remediate Harm to Workers
3. Mitigate and Prevent Future Harms
4. Escalation if required



5. Incident Reporting and Tracking
6. Review

**6.0 Any measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains.**

As EPCOR did not identify any cases, or suspected cases, of forced labour or child labour in 2023, EPCOR did not take actions to remediate any loss of income to vulnerable families that would have resulted from measures taken to eliminate the use of forced labour or child labour in its activities and supply chains.

**7.0 Training provided to employees on forced labour and child labour.**

As noted above, in 2023 EPCOR formed its MSRC and commenced information gathering and planning, including regarding training for procurement and/or business unit personnel. As part of its plans in 2024, EPCOR is reviewing potential internal and external training programs for delivery to employees who play a role in supporting the identification of, protection against, and risk mitigation of any cases, or suspected cases, of forced labour or child labour.

**8.0 How EPCOR assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains.**

In 2023, EPCOR formed its MSRC and conducted the steps described in Section 3 above. In 2024, EPCOR plans to investigate further methods to conduct effective assessments.

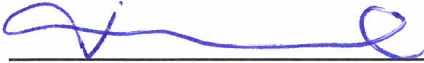
## Attestation

In accordance with the requirements of the Act, and in particular section 11(4)(b)(ii) 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.

Full name: Janice Rennie

Title: Board Chair

Date: May 1, 2024

Signature: 

I have the authority to bind EPCOR Utilities Inc. and the subsidiaries listed herein.