

## **EAST ELECTRICAL SUPPLY INC. ON HUMAN RIGHTS: FORCED/CHILD LABOUR REPORT**

This report has been prepared in accordance with Canada's new Bill S-211 *Fighting Against Forced Labour and Child Labour in Supply Chains Act* that has been implemented since January 1<sup>st</sup>, 2024. The financial reporting year of *East Electrical Supply Inc.* and *East Electrical Supply USA Inc.* covered by this report is January 1 to December 31, 2023. This report also offers insight into the measures taken by our organization since the conclusion of our financial year in December 31<sup>st</sup>, 2023. Approval for this statement has been granted on behalf of the Board of *East Electrical Supply Inc.* and *East Electrical Supply USA Inc.*

### **1. Who We Are**

Under the same ownership, *East Electrical Supply Inc.* and *East Electrical Supply USA Inc.*, provide the highest quality in Electrical Metallic Tubing (EMT) conduit, Rigid Steel conduit, and Aluminum conduit, in addition to a wide selection of electrical fittings. Since 2012, our establishment has consistently delivered exemplary customer service, swiftly establishing itself as a frontrunner within the Canadian marketplace, and it's expansion into the US. We aspire to be a leading provider of innovative solutions, fostering excellence in quality, reliability, and customer satisfaction while supporting the evolution of modern construction and electrical systems.

### **2. Our Commitment to Human Rights**

At *East Electrical Supply Inc.* and *East Electrical Supply USA Inc.*, we hold a steadfast commitment to upholding human rights principles across every facet of our operations. We recognize the inherent dignity and worth of every individual, and as such, we are dedicated to ensuring that our business practices reflect respect, fairness, and equality for all.

This commitment extends throughout our supply chain, from the sourcing of materials to the treatment of workers in our facilities and those of our suppliers. We are dedicated to start initiatives to prevent and address any instances of forced labour, child labour, or other human rights violations, and continuously strive to improve our processes to better protect and promote the rights of workers worldwide.

By embedding human rights considerations into our policies, procedures, and decision-making processes, we aim to contribute positively to the communities in which we operate, fostering a culture of dignity, respect, and accountability.

### **3. Our Structure, Operations and Supply Chain**

We operate as a private corporation - *East Electrical Supply USA Inc.* is a subsidiary of *East Electrical Supply Inc.* Our primary mandate involves the distribution, design, and manufacturing of high-quality electrical conduits and fittings tailored to meet the requirements of the construction, electrical, and infrastructure sectors. Emphasizing reliability and safety, we ensure compliance with industry standards such as c(UL)us standards, the National Electrical Code (NEC), and others.

With a focus on product diversification and market expansion, we invest in employee development to maintain a skilled workforce. Currently, we employ 12 individuals in Canada, comprising of office and warehouse personnel, and operate through three agents in the Southern United States, facilitating product representation but not direct employment.

*East Electrical Supply Inc.* and *East Electrical Supply USA Inc.* engages in importing electrical conduit and fittings from various manufacturers in China, conducting business across Canada and exploring expansion into South East US. Activities include resale to US agents and distributors, as well as direct shipments from China to distributors in both Canada and the US.

#### 4. Modern Slavery Risks and Identifying Them

Subsequent to our fiscal year end December 31, 2023, a risk assessment over *East Electrical Supply Inc.'s* and *East Electrical Supply USA Inc.'s* industry of operation, goods procured, and countries goods are procured from has been performed over material direct suppliers. This risk assessment used two separate indices to conclude on the inherent risk of child labour and/or forced labour related to goods and countries - Walk Free's Global Slavery Index and the US Department of Labor's List of Goods Produced by Child Labor or Forced Labor.

We are fully committed to initiating thorough assessments to ensure the proactive identification and mitigation of any such risks, thereby upholding our commitment to ethical standards and responsible business practices.

##### Countries of Operations and Risk

From the conducted risk assessment, we found that there were low inherent risks of forced labour or child labour in Canada and USA. *East Electrical Supply Inc.* and *East Electrical Supply USA Inc.* has its 12 employees located in Canada and 3 agents located in Southern United States.

Country	Inherent Risk per Country
Canada	Low
USA	Low

##### Countries of Suppliers and Risk

From the conducted risk assessment, we found that there were extreme inherent risks of forced labour or child labour in China. **This does not mean that evidence of forced labour or child labour was found to support this risk analysis** but that there is an increased inherent risk which necessitates closer scrutiny by *East Electrical Supply Inc.* and *East Electrical Supply USA Inc.* to ensure those risks do not flow through to the goods we procure. This includes investigating where our suppliers receive their goods, continuing to monitor the types of goods we procure, and the risk of forced labour and child labour associated these goods.

Country	Suppliers (#)	Supply (%)	Inherent Risk per Country
China	5	100%	Extreme

##### Type of Goods Procured and Risk

Goods purchased by *East Electrical Supply Inc.* and *East Electrical Supply USA Inc.* include Steel Boxes and Steel Covers, Steel Boxes & Flexible Conduit, and Steel & Aluminum Pipe and Fittings. From the conducted risk assessment, we found that there are Low inherent risks for forced labour and child labour within the manufacturing of these types of goods.

Goods purchased also includes Electrical Conduit Fittings (including zinc) which has high inherent risks for forced labour and child labour within the manufacturing of these goods. **This does not mean that evidence of forced labour or child labour was found to support this risk analysis** but that there is an

increased inherent risk which necessitates closer scrutiny by *East Electrical Supply Inc.* and *East Electrical Supply USA Inc.* to ensure those risks do not flow through to the goods procured. This includes investigating where our suppliers receive their goods, continuing to monitor the types of goods we procure, and the risk of forced labour and child labour associated these goods.

Goods	Inherent Risk per Good	Country	Inherent Risk per Country
Steel & Aluminum Pipe and Fittings	Low	China	Extreme
Steel Boxes & Flexible Conduit	Low	China	Extreme
Steel Boxes and Steel Covers	Low	China	Extreme
Electrical Conduit Fittings (including zinc)	High	China	Extreme

## 5. Due Diligence Processes

As part of our supplier onboarding process, we prioritize sample approval, quality assurance, industry compliance, and cost-saving initiatives, all of which are integral to our supplier selection criteria. It requires a supplier to provide all of their legal business information and complete a credit application.

During our onboarding process, we engage in thorough research of potential suppliers utilizing online platforms, industry directories, and participation in trade shows to meticulously assess available options. First and foremost, we compile a condensed list of suppliers, taking into account critical factors such as production capacity, product quality, adherence to industry standards, pricing structures, and reliability.

Subsequently, we conduct a comprehensive side-by-side comparison to determine the optimal match for our specific requirements. Upon selection of our preferred supplier, we proceed to request first article samples for meticulous evaluation and approval. To further solidify our partnership and gain firsthand insight into their operations, chosen suppliers undergo a factory audit and site visit. This crucial step not only fosters a deeper understanding of their production processes but also serves to establish a foundation for a mutually beneficial relationship.

The final phase of our onboarding process entails negotiations regarding payment terms, final pricing agreements, as well as defining expectations regarding delivery schedules and communication protocols. This ensures clarity and transparency in our interactions, facilitating seamless collaboration and efficient supply chain management.

In response to the limitations imposed by COVID-19, our due diligence processes shifted to remote assessments and thorough documentation reviews. Before the pandemic, factory visits were routine, providing firsthand insight into operations. Now, as we resume on-site visits, we will take measures to reflect our dedication to transparency and diligence in partnerships despite the challenges posed by the pandemic.

Moving forward, we are enhancing our procedures to include regular supplier audits and bi-annual surveys with detailed questions aimed at identifying and preventing instances of child and forced labour within our supply chain.

These measures signify our commitment to ensuring ethical sourcing practices and maintaining the integrity of our operations. Although supplier agreements are not currently utilized in our business, we intend to incorporate this discipline as we continue to expand and refine our processes.

## **6. Our Plan of Action**

As an organization, we acknowledge the importance of addressing the presence and potential risks associated with forced or child labour, whether directly or indirectly, within our supply chain. While recognizing this imperative, we are in the initial stages of formulating a concrete action plan to integrate social responsibility and heighten awareness throughout all facets of our operations. Since the conclusion of the fiscal year, we have commenced the drafting of policies and procedures as integral components of our 2024 business initiatives aimed at risk mitigation. This has led us to start the mapping process within our supply chain to enhance transparency and resilience.

This forthcoming plan will entail initiatives such as employee training, factory audits, supplier surveys, further delving into sourcing maps, and rigorous risk assessments, all aimed at upholding our steadfast commitment to responsible business practices. Moving forward, we are committed to proactively initiating these efforts to identify and evaluate any adverse impacts across our operations, supply chains, and business partnerships, thus ensuring transparency and accountability in our endeavors.

While strides have been made in this area, we acknowledge the existence of gaps in our assessments, which we are diligently working to address. To further this effort, we have initiated measures to cease, prevent, or mitigate adverse impacts wherever possible. This includes leveraging the expertise of consultants who have conducted on-site audits at factories in China, a crucial step towards understanding and rectifying potential issues within our supply chain starting with *East Electrical Supply Inc.'s* and *East Electrical Supply USA Inc.'s* management team most recent factory visit in April 2024.

Additionally, we will be tracking the implementation and results of these measures to gauge their effectiveness. As part of our commitment to transparency and accountability, we will communicate openly about how we address these impacts. Moreover, when necessary, we will provide for or cooperate in remediation efforts to address any adverse impacts identified. These collective efforts signify our ongoing dedication to ethical business practices and continuous improvement in ensuring the well-being of all stakeholders involved.

## **7. Raising Awareness and Training**

At present, our employee training regimen encompasses comprehensive sessions focused on both company-specific operations and in-depth product knowledge. These sessions are designed to equip our team members with a nuanced understanding of our organization's history, culture, objectives, and operational processes, as well as an intricate grasp of our diverse product offerings.

As the company has experienced growth over the past year, we are in the process of developing comprehensive policies and procedures to be furnished during the onboarding process. These materials may include, but are not limited to, an employee handbook, a code of ethics or a product overview presentation.

We promote continuous learning and awareness among our employees. We will implement comprehensive training seminars designed to educate our workforce about labour and human rights principles, as well as to raise awareness of their importance within our organization. These seminars will cover topics such as recognizing and preventing instances of forced labour, child labour, discrimination, and harassment.

Furthermore, these training sessions will provide practical guidance on how employees can uphold these principles in their daily work activities and interactions, empowering them to serve as advocates for fostering positive change within our company and extending our impact to the wider community.

## 8. Remediation Measures

As of now, *East Electrical Supply Inc.* and *East Electrical Supply USA Inc.* have not encountered any complaints concerning forced labour or child labour within our operations or supply chain. Consequently, we have not implemented any remedial actions or measures to address potential income loss for families affected by forced labour or child labour.

## 9. Assessing Effectiveness

Going forward, *East Electrical Supply Inc.*, and *East Electrical Supply USA Inc.* will assess the effectiveness of our risk assessment by reviewing established protocols, evaluating incident frequency and severity, sending out surveys to our suppliers and customers, as well as conducting regular factory audits to ensure compliance and identify areas for improvement within our supply chain. We are committed to enhancing safety within our operations through proactive risk management measures.

## 10. Statement of Approval and 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.

Brent Norrey

President of *East Electrical Supply Inc.* and *East Electrical Supply USA Inc.*

Signature

  
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Date

May 29, 2024  
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