

ÉNERGIR, L.P.

Report Pursuant to the Fighting Against Forced Labour and Child Labour in Supply Chains Act



For the fiscal year: October 1, 2022
to September 30, 2023

energir

About this report

This report is being presented to meet the requirements of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (hereinafter the “Act”) as well as the related guidance issued by Public Safety Canada for the reference period of October 1, 2022 to September 30, 2023.

The report was prepared by Énergir, L.P., acting through its general partner, Énergir Inc., as the primary reporting entity. The parent companies and subsidiaries of Énergir, L.P. that qualify under the requirements of the Act and that are considered in this joint report are:

- Noverco Inc.
- Énergir Group Inc.
- Énergir Inc.
- Gaz Métro GNL inc.
- Gaz Métro LNG, L.P.

(hereinafter referred to collectively as “Énergir”)

In accordance with the Act, which came into effect on January 1, 2024, the above-listed entities report on the efforts being made to manage risks and incidents related to forced labour and child labour within their supply chains.

ACTIVITIES, STRUCTURE, COMMITMENT AND SUPPLY CHAINS

Activities

Énergir, L.P. is a limited partnership formed on October 1, 1987 pursuant to the laws of the Province of Québec and whose principal place of business is in Québec. Since 2022, Énergir, L.P. is wholly owned by Québec investors, notably indirectly by Caisse de dépôt et placement du Québec and Fonds de solidarité des travailleurs du Québec (F.T.Q.).

With more than \$10 billion in assets, Énergir, L.P., on a consolidated basis, is a diversified energy business whose mission is to meet the energy needs of approximately 540,000 customers and the communities that it and its subsidiaries serve in Québec and Vermont in an increasingly sustainable way. Énergir, L.P. is the largest natural gas distribution company in Québec; through its joint ventures, it also generates electricity from wind power. And through its subsidiaries and other investments, Énergir, L.P. has a presence in the United States, where it generates electricity from hydraulic, wind, and solar sources; and distributes electricity and natural gas. Énergir, L.P. values energy efficiency and invests its resources and continues its efforts in innovative energy projects such as renewable natural gas (“RNG”), liquefied natural gas (“LNG”) and compressed natural gas (“CNG”). Through its subsidiaries, it also provides a variety of energy services.

In both Québec for the distribution of natural gas and Vermont for the production and distribution of electricity and natural gas, the distribution of energy is a regulated activity.

Énergir, L.P. has five main business segments: (i) Energy Distribution, (ii) Transportation of Natural Gas, (iii) Electricity Production, (iv) Energy Services, Storage and Other, and (v) Corporate Affairs. Énergir, L.P.’s employees are based in Canada and Énergir recognizes the right of employees to freedom of association.

In all, 54% of Énergir, L.P.’s employees are covered by a collective agreement. Certain subsidiaries of Énergir, L.P. and their employees are based in the United States, but these subsidiaries are not entities subject to the Act.

Structure

Noverco Inc. and Énergir Group Inc.

Noverco Inc. and Énergir Group Inc. are holding companies whose activities are limited to managing their investments in Énergir Inc. and their other subsidiaries. They do not acquire goods in the course of operations, but they receive services from Énergir, L.P. through administration and management agreements that are used to manage Noverco Inc. and Énergir Group Inc.’s activities.

Énergir Inc.

Énergir Inc. is a company incorporated on June 15, 1955 under the laws of the Province of Québec and whose main activity consists of acting as the general partner of Énergir, L.P.

Gaz Métro LNG, L.P. and Gaz Métro GNL inc.

Gaz Métro LNG, L.P. is engaged in the development of LNG production and commercialization activities. Its goal is to structure the LNG offer using its own liquefaction equipment, located at Énergir, L.P.’s natural gas liquefaction, storage and regasification plant. Gaz Métro LNG, L.P. receives services from Énergir, L.P. through an administration and management agreement. Énergir, L.P. manages procurement for Gaz Métro LNG, L.P. As for Gaz Métro GNL inc., it is a holding company whose primary activity consists of acting as the general partner of Gaz Métro LNG, L.P.

Commitment

Responsibility, high performance and respect are the cornerstones of Énergir’s Code of Ethics and reflect the commitments set out in this code, notably to act with integrity, foster a respectful and safe work environment, and respect the environment and encourage involvement in the community. Respect and the protection of occupational health, safety and well-being are key components of Énergir’s corporate strategy. This commitment is also part of its corporate vision to distinguish itself as a socially responsible corporation in terms of environmental, social and governance (“ESG”) criteria for the benefit of all its employees, customers, the communities it serves, contractors, suppliers and the public. Clearly, the very idea of modern slavery goes against Énergir’s ethical values.



Supply chains

Procurement strategies are important to Énergir and ensure that its strategies are aligned with Énergir's directions and that best practices are applied in procurement, including for contractual agreements, supplier management and the guidelines to be followed to incorporate social responsibility into the purchasing process.

Procurement activities fall into two main categories:

- **Goods and services procurement** includes all goods used in Énergir's natural gas distribution network, safety equipment, vehicle fleet, goods used in the production and commercialization of LNG, uniforms, office supplies, computer hardware and software, etc. The goods and services procurement team also manages various service agreements such as building maintenance contracts, operations support services, advisory services, marketing, training, IT services as well as professional services provided in the various departments. In addition, the team manages agreements with specialized construction contractors and general contractors working on projects to develop or improve the gas network and on renewable energy projects.
- **Natural gas procurement services** manage agreements to purchase natural gas from gas producers, all of which are located in Canada and the United States. This includes all activities and initiatives related to purchasing natural gas derived from fossil sources and renewable sources, including the Natural Gas Supply Collaborative ("NGSC") and EO100™ Standard for Responsible Energy Development certification.

For the reference period of October 1, 2022 to September 30, 2023, Énergir had approximately 1,300 active suppliers for its goods and services procurement. Of this amount, 99% of its volume of purchases were incurred with companies located in Canada and the United States.



POLICIES AND DUE DILIGENCE PROCESSES

Policies and due diligence processes are reviewed and updated regularly to ensure that they remain relevant and comply with laws and regulations, notably to identify opportunities for improvement and prevent forced labour and child labour in Énergir's supply chains. The following policies and due diligence processes apply to Énergir.

Code that applies to suppliers of goods and services

Code of conduct for suppliers of goods and services

Énergir has a Supplier Code of Conduct that applies to all goods and services suppliers. The principles and guidelines in this Supplier Code of Conduct are included in the general conditions for the purchase of goods and services, contracts with goods and services suppliers and call for tenders to suppliers that are subject to the Supplier Code of Conduct. Énergir requires all its goods and services suppliers to comply with the Supplier Code of Conduct, which specifically addresses respect for human rights in accordance with Québec and Canadian legislation and states the importance of abolishing forced labour and child labour and respecting regulations. The Supplier Code of Conduct for goods and services suppliers is based on the ISO 20400 standard for responsible procurement and on four core principles, namely, sound governance, respect for the environment, health and safety responsibility, and socioeconomic equity. Among other requirements, Énergir requires that its goods and services suppliers conduct their activities in a manner that respects human rights and does so in compliance with Québec and Canadian human rights legislation and international instruments, including the Universal Declaration of Human Rights and the international labour conventions defined by the International Labour Organization.



Policies and codes that apply to Énergir employees

Code of Ethics

The Code of Ethics reflects Énergir's mission, vision and values and sets out the guiding principles underlying the decisions and behaviour expected of employees and directors in all activities related to their responsibilities. More specifically, the Code of Ethics presents the commitments, principles and rules that must be applied by all personnel, directors, and those who represent Énergir, notably the requirement to act with integrity, foster a respectful and safe work environment, and respect the environment and encourage involvement in the community. These themes were selected in order to foster good relationships among employees and with customers, suppliers, investors, government authorities, regulatory bodies, and the community. All newly hired employees of Énergir, L.P. must sign a form acknowledging the provisions of the Code of Ethics and stating a commitment to respect them. Moreover, Énergir Inc. directors, Énergir, L.P. employees and the presidents of Énergir, L.P.'s Québec and Canadian subsidiaries must sign a mandatory annual attestation to adhere to the Code of Ethics. This attestation process promotes integrity as a core value of Énergir.

Procurement policy and goods and services responsible procurement directive

Énergir seeks to make a positive contribution to the community and works with collaborators to implement more responsible business practices. Énergir has a procurement policy that governs the purchase of goods and services; it includes favouring suppliers that are committed to sustainable development through their ESG approach. In addition to this procurement policy, Énergir has a responsible procurement directive that incorporates ESG factors when assessing suppliers and Énergir's business relationship with them.

More specifically, this directive indicates how Énergir, L.P. employees must apply responsible procurement concepts when purchasing goods or services in order to comply with the ISO 20400 standard for responsible procurement. This standard, issued by the International Organization for Standardization ("ISO"), provides guidelines to incorporate social responsibility into the procurement process.

Énergir has embarked on a new shift in the area of responsible procurement and is in the process of obtaining ISO 20400 certification. In fact, Énergir will be one of the first companies in North America to obtain it.

To comply with the ISO 20400 standard, Énergir has established a list of goods and services suppliers that account for 80% of its expenses in addition to suppliers that are critical to Énergir's operations. These two categories make up Énergir's "identified suppliers." Énergir currently applies the ISO 20400 standard requirements to these identified suppliers. These requirements will eventually be extended to all of Énergir's suppliers.

Risk assessment tools for goods and services procurement

Énergir follows the key principles set out in its responsible procurement directive. These principles include notably respect for human rights, labour relations and working conditions, transparency and accountability. Factoring in these key principles helps Énergir choose suppliers that present less of a risk of forced labour or child labour.

In addition, Énergir uses various risk assessment tools and methodologies for goods and services procurement, as described below.

Kraljic matrix

The Kraljic matrix is a method used by Énergir to segment the purchases or suppliers of a company by dividing them into four classes, based on the complexity of the supply market and the importance of the purchases or suppliers. This matrix allows Énergir to perform a risk analysis for suppliers, including risk criticality. A Kraljic matrix must be completed before an agreement is signed with a new supplier, and the data included in the matrix must be updated each time a supplier contract is renewed.

Questionnaire

Énergir uses a mandatory responsible procurement questionnaire for identified suppliers. This questionnaire is recommended for other suppliers. The responsible procurement questionnaire identifies the country of origin of goods and services, certification obtained by suppliers and supplier policies. It is used as a tool to compare tenders and helps to ascertain a supplier's status where ESG factors are concerned.

Pre-qualification process and continuous assessment mechanisms

Énergir has created a structure to manage its various goods and services suppliers, including pre-qualification processes as well as continuous assessment mechanisms. All identified suppliers of goods and services of Énergir must undergo a due diligence assessment and obtain adequate results on the assessment requirements and criteria.

Énergir remains alert and vigilant when assessing industries that are known to be more at risk. Before a contract is established, all suppliers that are also manufacturers are audited in person to ensure process compliance, product quality and sound governance. In so doing, Énergir believes it is helping to limit possible risks.

Meetings with suppliers

Énergir has set up a meeting schedule for its identified suppliers in order to monitor all of its obligations in connection with the codes, policies and directives that have been put in place. It conducts regular activity reviews and audits and holds statutory meetings with identified suppliers, allowing it to closely monitor risk management and the business relationship.



MEASURES TO ASSESS AND MANAGE RISK

Measures that apply to suppliers of goods and services

When significant risks are identified or when cases of non-compliance with contract clauses or with Énergir's codes and policies are detected, Énergir conducts ad hoc audits in order to more thoroughly analyze the supplier's processes and failures to align with standards and guidelines. These audits also provide an overview of the supplier's environmental and social impacts, including those relating to forced labour, child labour and working conditions. When deviations are identified, they are examined and assessed by Énergir. These deviations are discussed with suppliers so that corrective action can be examined and implemented. Deviations are also reported to the appropriate internal governance authority.

In cases where the corrective action is not considered to be conceivable or satisfactory, Énergir will take steps that could go as far as terminating the business relationship.

Énergir also reserves the right to disallow the use of subcontractors on any reasonable grounds, including risks arising from a subcontractor's past history in the area of occupational health and safety.

Measures that apply to natural gas suppliers

Where natural gas procurement is concerned, Énergir considers the risk of forced labour or child labour to be low, given that all of its suppliers are either Canadian or American, and that the supply chain involves fewer intermediaries.

Énergir shares the concerns of its customers and stakeholders about the sources of the natural gas that it distributes, the methods used to produce this natural gas, and its impacts.

Énergir has taken steps to encourage the disclosure of credible information and the employment of best ESG practises by gas producers during their operations. In 2018, Énergir became a member of the NGSC¹ and, in 2020, it launched its responsible procurement initiative for natural gas sourced from fossil fuels.



Énergir made its first certified natural gas purchases from qualifying producers that have received the EO100™ Standard for Responsible Energy Development certification² and that have agreed to share certain key indicators about their operations. The EO100™ Standard encourages continuous improvement by adhering to best practices and progressive requirements for social and environmental performance management, which consider the potential impacts of energy development projects on governance, society and the environment. The EO100™ Standard encompasses a number of principles, notably in relation to human rights, social impacts, community development, and fair labour and working conditions.

Énergir's objective is twofold, namely, to purchase from specified producers to ensure better traceability of its gas supplies and to purchase from producers that disclose information and that have demonstrated that they have adopted best ESG practices.

In the 2023 fiscal year, 50% of the gas volumes in Énergir's network were purchased from qualified producers that have obtained EO100™ certification. The list of producers qualifying for Énergir's initiative is publicly available on Énergir's website.

Énergir continues to monitor changes in best practices and ESG performance standards for natural gas production.

¹ NGSC is a voluntary collaborative of natural gas purchasers in North America that encourages the integration of environmental and social performance criteria as well as the use of certifications among natural gas producers.

² The EO100™ Standard for Responsible Energy Development and its addendum on "Shale Oil & Gas Operations" constitute a global sustainable development standard and an assurance system that includes auditing and independent reporting.

ESTABLISHING THE RISK OF FORCED LABOUR OR CHILD LABOUR

Énergir has put in place a process to identify, assess and manage corporate risks. Employees who contribute to the exercise are periodically asked to identify emerging risks that need be included in Énergir's corporate risk universe. Risks are assessed annually based on the likelihood of occurrence and the potential impacts. The existence of mitigation measures and risk velocity are taken into account to enable prioritization based on the residual risks. The entire organization is committed to diligently managing risks. The broad categories of risks include, notably, but are not limited to, health, safety, procurement, governance practices and respect for communities. The risks considered are assessed and periodically reported to demonstrate the priorities and the action taken to mitigate these risks to an acceptable level.

Where goods and services procurement is concerned, Énergir exercises due diligence by first monitoring the supply chain risks for its identified suppliers.

Énergir is aware that the risk increases for certain types of goods and services when suppliers, distributors and subcontractors are further down the supply chain. While Énergir requires its suppliers to adhere to its policies and codes of conduct, it may be more complex to identify risks further down the supply chain.



PROCESS FOR MANAGING INCIDENTS

Énergir has not been investigated or found guilty of an offence in connection with forced labour or child labour. Nor has Énergir established a loss of income for the most vulnerable families during assessments and audits. Therefore, Énergir has not had to take any measures to remediate any incidents of forced labour, child labour or loss of income for the most vulnerable families for the period covered by this joint report.

Should any incident be identified, it would be managed in accordance with the current escalation processes, and the appropriate remediation strategies would be implemented according to the specifics of the situation identified, as stated in the section entitled *Measures that apply to suppliers of goods and services*.



Receiving and handling complaints and reported incidents

All stakeholders are encouraged to prevent, detect and report any failure to comply with the legal requirements to fight against forced labour and child labour or failure to comply with Énergir's commitments in this area. Énergir has a policy for reporting complaints involving legal or ethical misconduct, namely the Policy on Reporting and Handling Public and Employee Complaints. Employees can consult the appropriate internal resources to file a report or use the anonymous and free of charge complaint reporting mechanism through an external service provider. This reporting mechanism is available to any member of the public who would like to file a complaint, notably regarding matters pertaining to forced labour or child labour.

Complaints are handled according to established procedures, notably those set out in Énergir's Policy on Reporting and Handling Public and Employee Complaints. The team in charge of analyzing these situations reports all complaints received and investigations in progress to the Corporate Governance, Ethics and Environment Committee of Énergir Inc.'s Board of Directors.

EMPLOYEE TRAINING

All new Énergir employees must take mandatory trainings on Énergir's values, principles and framework documents within their first 30 days, and they have 120 days to complete an ethics training.

In addition, all new employees in Énergir's goods and services procurement team must be fully proficient with Énergir's codes, policies and master guidelines for procurement activities, including the Supplier Code of Conduct and the general conditions for the purchase of goods and services.

Énergir employees must also complete a mandatory annual ethics training on a particular matter determined by Énergir.

As of November 2023, the members of the Corporate Governance, Ethics and Environment Committee of the Board of Directors of Énergir inc. have been trained on developments of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*.

ASSESSING THE EFFECTIVENESS OF EFFORTS

Énergir has put in place various measures to oversee supplier practices and continues to improve and refine the success indicators.

As part of the oversight process outlined above, Énergir audits selected suppliers to assess their practices and compliance with the above-mentioned requirements. Suppliers selected to be audited include identified suppliers due to the type of products or services or the volume of purchases.

Énergir is currently reviewing best practices in the Canadian market in order to identify key measures that could further refine operations and contribute towards the overall objective as well as to put in place a specific assessment process that measures the effectiveness of the efforts being made. To monitor these developments effectively, Énergir used the services of an external consultant and is also involved in a committee with market peers that is led by expert consultants.

MORE INFORMATION

To learn more about Énergir, please refer to the various publications issued by Énergir.

Risks and incidents can be reported anonymously and confidentially using Énergir's external complaint reporting mechanism. Any matters that are reported are investigated immediately, and appropriate steps are taken when necessary.



ATTESTATION AND APPROVAL

This joint report was approved pursuant to subparagraph 11(4)(b)(i) of the Act by the Board of Directors of Énergir Inc., acting for and on its behalf, as well as acting in its capacity as general partner of Énergir, L.P., the Board of Directors of Noverco Inc., the Board of Directors of Énergir Group Inc., and the Board of Directors of Gaz Métro GNL inc., acting for and on its behalf, as well as acting in its capacity as general partner of Gaz Métro LNG, L.P.

In accordance with the requirements of the Act, and in particular Section 11 thereof, we, the undersigned, attest that we have reviewed the information contained in this joint report for the entity or entities specified below. Based on our knowledge, and having exercised reasonable diligence, we attest that the information in this joint report is true, accurate and complete in all material respects for the purpose of the Act, for the reporting year listed above.

Énergir Inc. and Énergir, L.P.

I make the above attestation in my capacity as a director of the Board of Directors of Énergir Inc. for and on behalf of the Board of Directors of Énergir Inc.

I have the authority to bind Énergir Inc. and Énergir, L.P., acting through its general partner, Énergir Inc.



Ghislain Gauthier
Chairman of the Board of Directors - Énergir Inc.
May 29, 2024

I make the above attestation in my capacity as President and Chief Executive Officer of Énergir Inc.

I have the authority to bind Énergir inc. and Énergir, L.P., acting through its general partner, Énergir Inc.

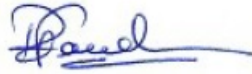


Éric Lachance
Director and President and Chief Executive Officer - Énergir inc.
May 29, 2024

Noverco Inc.

I make the above attestation in my capacity as a director of the Board of Directors of Noverco Inc. for and on behalf of the Board of Directors of Noverco Inc.

I have the authority to bind Noverco Inc.



Renaud Faucher
Chairman of the Board of Directors – Noverco Inc.
May 29, 2024

Énergir Group Inc.

I make the above attestation in my capacity as a director of the Board of Directors of Énergir Group Inc. for and on behalf of the Board of Directors of Énergir Group Inc.

I have the authority to bind Énergir Group Inc.

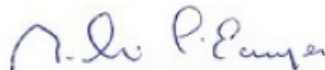


Éric Lachance
Director of the Board of Directors - Énergir Group Inc.
May 29, 2024

Gaz Métro GNL inc. and Gaz Métro LNG, L.P.

I make the above attestation in my capacity as a director of the Board of Directors of Gaz Métro GNL inc. for and on behalf of the Board of Directors of Gaz Métro GNL inc.

I have the authority to bind Gaz Métro GNL inc. and Gaz Métro LNG, L.P. acting through its general partner, Gaz Métro GNL inc.



André L'Ecuyer
Chairman of the Board of Directors –
Gaz Métro GNL inc.
May 29, 2024