



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.*

2024-25 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 corporation¹ 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 70 years. We currently operate exclusively within Canada and have approximately 57 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. Our 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 requires 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 report covers AECL

¹ 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.



activities from April 1, 2024, to March 31, 2025 (the “Reporting Period”). While AECL procures a low value of goods to support our operations, AECL does not “produce” or “distribute” goods as a function of our operations.

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 CNL². 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.

Responsible Sourcing

AECL continues to proactively strengthen our commitment to ethical sourcing and upholding human rights principles in our operations and supply chains. During the Reporting Period, AECL developed and launched our first Supplier Code of Conduct. This comprehensive Supplier Code includes expectations for ethical supplier conduct in the course of business. It requires suppliers to agree to

² 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.

operate at all times with integrity, in compliance with the law, adhering to recognized ethical best practices, and respecting human rights, including prohibiting the use of forced labour and child labour.

All new suppliers are required to confirm, in accordance with their contract for the supply of goods or services, that they will comply with the Supplier Code. This Code is currently in the process of being deployed to existing suppliers of AECL. All suppliers are required to agree to comply with the terms of the Supplier Code in order to continue to do business with AECL.

In addition, as part of AECL's competitive procurement process to continue the management and operation of CNL beyond the current contract (which expires in September 2025), a Code of Conduct for Procurement was included and is applicable to 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, complying with Canada's laws prohibiting human trafficking, forced labour and child labour.

Updated Supplier Terms and Conditions incorporating the requirement for compliance with the new Supplier Code will be released in the next reporting period, further reinforcing AECL's commitment to upholding human rights and mitigating forced and child labour risks in our supply chains.

Mapping, Vetting and Monitoring

During the Reporting Period, following AECL's thorough evaluation of the final maturity assessment report of CNL's third-party due diligence (TPDD) program (such report prepared by a major external audit firm), due the nature of the GoCo model, AECL decided to leverage CNL's robust TPDD program for the ongoing screening of AECL suppliers as well, primarily with a focus on contracts valued at over \$25,000³. By leveraging CNL's monitored database of suppliers, AECL is also able to source suppliers

³ 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.



that are regularly screened for potential unlawful or unethical conduct, including forced labour and child labour risks.

Additionally, AECL has completed the mapping of our applicable direct (Tier 1) suppliers of goods as well as CNL and its supply chain (Tier 2). This process also identified a limited number of suppliers and service providers in vulnerable sectors. In the next reporting period, AECL is integrating this screening process into our procurement procedures and conducting further risk analyses. This ongoing dedication to responsible and ethical business practices underscores AECL's commitment to our 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 our 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 our operations, while enhancing supplier accountability and promoting supply chain transparency.

During this Reporting Period, AECL enhanced our Procurement Procedure to consider forced and child labour risks amongst our suppliers. This enhancement involved establishing the AECL Supplier Code of Conduct, making it publicly available on our website, and initiating the practice of issuing the Code with every contract and purchase order. Suppliers are required to acknowledge and agree to its terms as a precondition for entering into any agreement with AECL. This proactive approach ensures that suppliers are not only aware of these risks but are also committed to mitigating them, with any proposed changes or exceptions subject to approval by AECL.

AECL also included child labour and forced labour risks in our supply chains within our 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 screened suppliers of goods exceeding \$25,000, as well as service providers in vulnerable sectors commonly used by the organization in order to identify potential risks for forced and child labour. We completed the screening of our suppliers in our previously identified vulnerable sectors as well as providers of goods, particularly those with higher risk, such as IT hardware.

AECL will be continuing our screening and monitoring efforts in order to address any opportunities for mitigation and remediation, where applicable. In the future, AECL also plans to implement procedures to assess our 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, during the Reporting Period AECL did not identify any incidents 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.

Bringing Awareness to our Workforce

AECL has an established Code of Conduct policy on which all employees are required to certify they have read and understand its contents on an annual basis. During the Reporting Period, AECL made substantial updates to our Code of Conduct, notably the inclusion of a human rights statement and substantive provisions reflecting that forced labour, child labour and human trafficking are violations of fundamental human rights, all of which are not tolerated by the organization. AECL's Code of Conduct outlines a robust system for the reporting of ethical concerns and violations, which includes the prohibition of human trafficking, forced labour and child labour. This system, which includes the confidential reporting platform through ClearView Connects, allows AECL employees to report violations to a Manager, the Senior Officer, Disclosures, or directly to the President and Chief Executive Officer. All employees must promptly report suspected violations so that they can be addressed in a timely manner. The Code provides a formal process for disclosing ethical violations



and wrongdoing, including 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.

The Code of Conduct also reflects AECL's requirements to satisfy the *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.

All employees who oversee procurement contracts are trained on forced labour and child labour risks. Broader awareness-raising opportunities are made available to all AECL staff via the Canada School of Public Service.

During the Reporting Period, several members of AECL participated in various information sessions hosted by Public Safety Canada regarding its findings on last year’s *Supply Chains Act* reporting process, and to gather guidance for upcoming report requirements.

AECL’s Hours of Work 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 Procedure was updated during the Reporting Period to include expectations for awareness and compliance with recognized human rights principles, including intolerance for forced labour, child labour and human trafficking in our operations.

Recruitment

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 our employees with respect and sensitivity.



As part of the recruiting process, AECL candidates apply for employment voluntarily through our 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 our people, as reflected in our comprehensive policies and practices.

Conclusion

AECL remains steadfast in our commitment to ethical sourcing and the elimination of forced and child labour within our supply chains. Throughout the Reporting Period, AECL has taken significant steps to enhance our procurement procedures, implement rigorous supplier screening processes, and raise awareness among our workforce regarding human rights principles through the deployment of substantive updates to our Code of Conduct and other policies including forced labour and child labour risk awareness. The development and deployment of our new Supplier Code of Conduct, along with the integration of forced and child labour risk assessments into our Enterprise Risk Management framework, further underscore our dedication to maintaining high ethical standards and social responsibility in our operations.

AECL's proactive measures, including the vetting of suppliers and the continuous improvement of our procurement policies, reflect our unwavering commitment to transparency and integrity. By leveraging CNL's third-party due diligence program and adhering to stringent government guidelines, AECL ensures that our operations are conducted in a socially and environmentally responsible manner. As we move forward, AECL will continue to prioritize ethical business practices, safeguard human rights, and foster a culture of respect and accountability within our organization and supply chains. Through these efforts, AECL is committed to contribute positively to the fight against forced and child labour.



Report Submission

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

2025-05-20

X *F. Dermarkar.*

Fred Dermarkar

President and Chief Executive Officer

Signed by: Fred Dermarkar