



## 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.*

### 2025-26 Supply Chains Act Report

Reporting obligations under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, S.C. 2023, c. 9 ("*Supply Chains Act*"). This report covers the period from **April 1, 2025 to March 31, 2026**, in accordance with the reporting requirements of the *Supply Chains Act*.

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.



1. About AECL and Its Supply Chains	3
2. Policies and Due Diligence Processes	3
3. Identifying and Assessing Risks in Operations and Supply Chains	4
4. Measures Taken to Prevent and Reduce Risks	5
5. Remediation Measures	5
6. Training and Awareness	5
7. Reporting and Disclosure Mechanisms	6
8. Assessing Effectiveness	6
9. Governance and Accountability	7
10. Report Submission	7



## 1. About AECL and Its Supply Chains

Atomic Energy of Canada Limited (AECL) is a federal Crown corporation 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 55 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*. 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.

AECL relies on third-party suppliers for goods and services in support of its mandate. AECL's procurement activities focus primarily on Tier 1 suppliers, with screening and due diligence processes designed to identify and manage risks related to forced labour and child labour.

AECL's procurement of goods is minimal. Goods purchased are primarily for incidental, low volume, 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.

## 2. Policies and Due Diligence Processes

AECL maintains policies and procedures that support responsible procurement and reinforce expectations related to human rights, ethical conduct, raising concerns related to wrongdoing, and compliance with applicable legislation.

Supplier screenings are applied where the nature of the goods or services, the overall contract value, or the sector involved indicates a higher potential risk. Screening requirements apply regardless of how a supplier is engaged, including through competitive processes, direct awards, or administrative purchase orders.



During 2025-26, AECL introduced of a more detailed Third-Party Due Diligence process that replaces high-level guidance with step-by-step direction on screening requirements, information assessed, documentation, and the escalation of identified risks for review and decision-making.

AECL also strengthened and formalized its supplier due diligence framework through updates to its procurement procedure and supporting documentation. The Procurement Procedure establishes when more in-depth supplier due diligence screening is required and sets out associated requirements for escalation, governance, decision-making, and recordkeeping. The intent of the Third-Party Due Diligence process is to screen potential suppliers for risks in the supply chain, such as the existence or risk of forced or child labour.

While Third-Party Due Diligence screenings are designed to identify risks related to forced labour and child labour, the due diligence process also considers other relevant risk factors within the scope of the supplier engagement, to support informed oversight and decision-making.

In the limited instances where due diligence screenings identified potential forced labour or child labour risks, findings were escalated to the executive level for review and decision. Screening outcomes and related documentation are retained to support governance, auditability, and continuous improvement.

### 3. Identifying and Assessing Risks in Operations and Supply Chains

AECL applies a risk-based approach to identifying and assessing the potential use of forced labour or child labour in its supply chain. This approach focuses on Tier 1 suppliers and is integrated into AECL's supplier screening and Third-Party Due Diligence practices.

During fiscal year 2025-26, AECL continued strengthening its review of its supply chains and refining its risk-based approach to supplier oversight. These enhancements improved consistency and transparency in the application of supplier screenings, while reinforcing executive oversight and recordkeeping practices.

These activities support year-over-year improvement in AECL's approach to identifying, assessing preventing, and reducing the risk of forced labour and child labour in its activities and supply chains, with lessons learned informing future enhancements to policies, procedures, training, and governance oversight.

During the Reporting Period, AECL screened suppliers of goods exceeding \$25,000 to identify potential risks for forced and child labour. We completed the screening of our goods suppliers, particularly those with higher risk, such as IT hardware.

During 2025-26, AECL continued applying this risk-based approach while strengthening the consistency, documentation and executive oversight of supplier screenings across its procurement processes. This supports early identification of potential forced labour or child labour risks and ensures that identified risks are reviewed and addressed in a timely manner.



AECL has a multi-year, phased approach to enhancing supply chain visibility. Any future enhancements will be considered over time as part of broader program maturity and continuous improvement, informed by governance needs, benchmarking, and capacity.

## 4. Measures Taken to Prevent and Reduce Risks

In 2025-26, AECL continued to implement measures aimed at preventing and reducing the risk of forced labour and child labour, including:

- The formalization of supplier screening and Third-Party Due Diligence process requirements within AECL's Procurement Procedure, supported by a dedicated and more detailed due diligence process that provides clearer, step-by-step direction on screening, documentation, and executive ownership.
- Continued reinforcement of supplier expectations through procurement controls applied where appropriate, including standard terms, supplier code of conduct, eligibility and due-diligence checks.
- Executive-level review, decision-making, and oversight where potential forced labour or child labour risks are identified. supporting internal governance oversight through ongoing committee-based discussions and monitoring activities.

These measures form part of AECL's broader approach to embedding responsible procurement practices into its operations, and are complemented by AECL's reporting and disclosure mechanisms, which support the identification and escalation of potential concerns, as described in Section 7.

## 5. Remediation Measures

AECL's approach emphasizes early identification of potential risk indicators through supplier screening and due diligence processes. Where issues or concerns are identified, mitigation and remediation actions are tailored to the nature of the finding and addressed through internal review and implementation tracking, as appropriate.

AECL continues to build on established due diligence practices to support timely escalation and response where risks are identified.

During the 2025-26 reporting period, AECL did not identify any instances of forced labour or child labour within its activities or supply chains. As a result, no remediation measures were required, including remediation related to loss of income.

## 6. Training and Awareness

AECL recognizes the importance of employee awareness and training in relation to human rights, including the risk of forced labour and child labour in its operations.



During 2025-26, AECL undertook awareness training related to forced labour and child labour. This included a general awareness session delivered to all AECL employees, as well as the development and publication of internal guidance materials, such as wiki and FAQ-style resources.

During the reporting period, AECL also reviewed available training options relevant to the *Supply Chains Act* and identified available courses for employees. As part of onboarding, all new employees receive procurement training that includes content related to our obligations under the *Supply Chains Act*. Procurement personnel completed training through the Canada School of Public Service on ethical procurement, which includes awareness of the risks of forced labour and child labour in our supply chains. AECL personnel also participated in external workshops and information-sharing sessions focused on the expectations under the *Supply Chains Act* and emerging practices.

## 7. Reporting and Disclosure Mechanisms

AECL maintains formal mechanisms that allow individuals to raise concerns related to wrongdoing, including matters related to human rights and the potential use of forced labour or child labour in its activities and supply chains. These mechanisms are grounded in the principles and values outlined in AECL's Code of Conduct and are designed to support timely, confidential, and fair reporting and escalation concerns.

In 2025-26, AECL issued its Whistleblower Procedure for the disclosure and reporting of wrongdoings. The Procedure provides a clear and secure process for employees, officers, directors of the Board, and, where applicable, suppliers to report suspected or actual wrongdoing, including concerns related to forced labour and child labour. The Procedure aligns with AECL's Code of Conduct, the *Public Servants Disclosure Protection Act*, and the *Supply Chains Act*, and reinforces protections against reprisal against those that report concerns.

AECL's reporting mechanisms include multiple internal options, as well as access to ClearView Connects, a secure and confidential third-party reporting platform. Individuals may raise concerns directly to their manager, the Senior Officer for Disclosures, or directly to the President and Chief Executive Officer. Disclosures submitted through ClearView Connects are received by the Senior Officer for Disclosures, or where independence is required, the Chair of the Audit Committee. Employees retain the right to disclose wrongdoing externally under the *Public Servants Disclosure Protection Act*, including reporting directly to the Public Sector Integrity Commissioner.

## 8. Assessing Effectiveness

AECL acknowledges the importance of assessing the effectiveness of its actions to prevent and reduce the risk of forced labour and child labour in its operations.

During 2025-26, AECL assessed the effectiveness of its supplier due diligence through supplier screening, the documentation of screening findings, and executive-level review and decision-making regarding any identified risks as part of its due diligence and supplier onboarding processes.



Experience gained through the application of these processes will inform how AECL continues to refine and strengthen its approach to assessing the effectiveness of supplier screening over time.

Given AECL's size, mandate, and operational context, AECL's approach to managing forced labour and child labour risks is implemented through a right-sized, multi-year work plan and action registry. This approach integrates governance oversight, procurement and supplier controls, workforce awareness and training, and continuous improvement activities.

AECL conducts itself with integrity and accountability in all areas of operations. To learn more about AECL's ethical business practices, see our [Environmental, Social and Governance report](#), our [Supplier Code of Conduct](#) and [our human rights statement](#).

AECL continues to monitor emerging practices and guidance applicable to comparable institutions to inform future enhancements to its processes.

## 9. Governance and Accountability

AECL prepares its annual report using Public Safety Canada's reporting questionnaire as a guide. The report is reviewed by AECL's executive in charge of procurement and approved by the Chief Executive Officer in accordance with legislative requirements. AECL also completes the online questionnaire and publishes the report in a prominent location on its website in both official languages, in line with federal accessibility and reporting requirements.

## 10. Report Submission

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

4/30/2026

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Fred Dermarkar  
President and Chief Executive Officer  
Signed by: Fred Dermarkar