

## **S&C Electric Company & S&C Electric Canada Ltd. Supply Chain Annual Report - Canada**

This annual report (this “**Report**”) on the risk or use of any forced labour or child labour in the businesses and supply chains of S&C Electric Company (“**S&C US**”) and S&C Electric Canada Ltd. (“**S&C Canada**” and together with S&C US, “**S&C**”, “**we**” or “**our**”), the proactive measures that S&C has taken and continues to take to mitigate the risk of forced labour and child labour within our operations and supply chain, is dated as of May 31, 2024, and is being delivered in respect of S&C’s financial year ended December 31, 2023 (the “**Reporting Year**”). This Report is made pursuant to Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”) and is submitted as a joint report by S&C US on behalf of S&C Canada pursuant to Section 2(b) of the Act.

S&C does not tolerate any instances of forced labour or child labour. S&C does not knowingly conduct business with any third parties who engage in forced or child labour. This Report supports S&C’s commitment to operate free from any forced or child labour in any part of our business or supply chain with a zero-tolerance policy.

### **Structure, Activities, and Supply Chains**

#### **S&C US**

S&C US was incorporated on July 7, 1930, under the laws of Delaware and is headquartered in Chicago, Illinois. S&C US is the parent entity of various subsidiaries, including S&C Canada. S&C US is also subject to the supply chain reporting requirements under the *California Transparency in Supply Chains Act of 2010*.

S&C US designs, manufactures, sells and distributes globally (including into Canada) a wide range of equipment for electric power systems, including fusing equipment, switching equipment, switchgear, and automation products, and provides consulting, management, and analytical services regarding its products and systems as well. S&C sources the direct material from a variety of suppliers that are based, for example, in North America (Canada, USA and Mexico) and Aisa (Japan, China and India). The direct material itself ranges from machined metal parts, castings (various types of alloys), electronics, transformers and other such items.

#### **S&C Canada**

S&C Canada was incorporated on April 2, 1953, under the laws of Canada and is headquartered in Toronto. S&C Canada does not exercise direct, indirect, or common control over any entity.

S&C Canada designs, manufactures, sells and distributes a wide range of equipment for electrical power systems throughout Canada, including fusing equipment, switching equipment, switchgear, and automation products, and provides consulting, management, and analytical services regarding its products and systems as well. S&C sources the direct material from a variety of suppliers that are based, for example, in North America (Canada, USA and Mexico) and Aisa (Japan, China and India). The direct material itself ranges from machined metal parts, castings (various types of alloys), electronics, transformers and other such items.

## **Steps Taken to Prevent and Reduce Risks of Forced Labour and Child Labour**

S&C has taken a number of steps to prevent and reduce the risks of forced labour and child labour in its activities and supply chains, including implementing codes of conduct, mechanisms to ensure compliance with such codes, audit procedures, and training. These measures are detailed further in this Report.

## **Policies and Due Diligence Processes**

S&C upholds the highest business ethics and integrity standards, as evidenced by its Required Ethical Standards – Business Code of Conduct and its Guiding Principles located at: <https://www.sandc.com/en/company/mission-vision-values--guiding-principles/>. We expect all our suppliers (“**Suppliers**”) to uphold similar standards of good working practices and business ethics. Suppliers are chosen based on their integrity, reliability, safety, quality, and overall performance to foster a mutually beneficial relationship. Suppliers must adhere to the standards outlined in S&C’s Supplier Code of Conduct, which explicitly prohibits the use of forced labour and child labour. S&C’s Supplier Code of Conduct can be found at: <http://www.sandc.com/PDFS/Supplier-Code-of-Conduct.pdf>.

Concerning forced labour and child labour, S&C does the following:

1. Supplier Code of Conduct: S&C requires its Suppliers to comply with the principles outlined in S&C’s Supplier Code of Conduct, which expressly prohibits the use of forced labour and child labour.
2. Supplier Agreements: S&C’s standard supplier agreements, where used, require suppliers to abide by S&C’s Supplier Code of Conduct, which prohibits involuntary or child labour. S&C supplier agreements also state that suppliers are required to comply with all applicable laws including but not limited to, slavery, human trafficking, and other exploitative labour practices.
3. Supplier Evaluations and Audits: S&C staff regularly performs evaluations at its Tier 1 Suppliers’ sites. Tier 1 is defined as a supplier from whom we buy directly a finished product; the Tier 1 supplier will procure the necessary raw materials from a Tier 2 supplier. In addition to commercial, quality, safety, and manufacturing processes, S&C’s evaluation includes an assessment of how the Supplier recruits, pays, and retains its staff. Many Suppliers have processes that require a specialized workforce, so a stable workforce is important to maintaining overall Supplier performance.
4. Internal Accountability: S&C prohibits any form of forced or child labour. S&C requires its employees to conduct themselves in accordance with all applicable laws and regulations and internal company guidelines. S&C has an extensive compliance program, which requires employees to inform S&C leadership or utilize one of the reliable reporting channels to report any suspected violations with S&C’s Supplier Code of Conduct. S&C’s helpline provides a secure and anonymous way of reporting suspected compliance violations or unethical business practices. Any concerns relating to potential noncompliance of S&C’s Business Code of Conduct or S&C’s Supplier Code of Conduct are investigated promptly. Employees who violate S&C’s Business Code of Conduct are subject to discipline, up to and including termination of employment. For any known violations related to forced or child labour, S&C reserves the right to terminate purchasing contracts immediately upon notice.

5. Certification and Verification: At S&C, we value our relationships with our Suppliers. We require our Suppliers to adhere to our Supplier Code of Conduct, a testament to our shared commitment to ethical business practices. As part of our standards practices, we also expect our Suppliers and their employees to comply with all applicable laws, including those related to human trafficking and forced labour.

### **Risk of Forced Labour and Child Labour in Operations and/or Supply Chains**

S&C prohibits forced labour and child labour within its operations and supply chain. S&C maintains a commitment to safeguarding the health and security of our team members. All of our team members are above the legal employment age in the country of their employment. They are also recruited and provided with working conditions and the payment of wages and benefits that comply with applicable laws and regulations.

Supplier operations present separate risk for forced labour or child labour with lower-skilled and physical labour located in countries with a general prevalence of modern slavery risk. S&C understands the need to identify potential risks within the supply chain and is committed to safeguarding the health and security of the public, responsibly managing our social impacts, and upholding respect for human rights throughout our operations.

### **Rectification of Forced Labour and Child Labour in Operations and/or Supply Chains**

During the Reporting Year, as S&C did not identify any use of forced or child labour in its operations and supply chains, S&C did not need to take any measures to rectify any instances of forced or child labour.

### **Remediation of Loss of Income in Most Vulnerable Families**

During the Reporting Year, as S&C did not identify any use of forced or child labour in its operations and supply chains, S&C did not need to take any measures to remediate any loss of income to vulnerable families during the Reporting Year resulting from the rectification of any instances of forced or child labour.

### **Training on Forced Labour and Child Labour**

All S&C employees must complete Code of Conduct training annually. The Code of Conduct training teaches employees about S&C's code of conduct, which outlines the legal and ethical responsibilities of employees to the organization and each other. S&C employees, including management, who are directly responsible for supply chain management, also receive training on S&C's supply chain management processes and procedures. S&C also trains its Global Sourcing staff to perform on-site Supplier audits to look for unsafe conditions and to evaluate compliance with S&C's Supplier Code of Conduct.

### **Assessing Effectiveness of Forced Labour and Child Labour Prevention Mechanisms**

During the Reporting Year, other than discussed in this Report, S&C did not implement any new policies or put in place any new procedures to assess our effectiveness in ensuring that forced labour and child labour are not being used in our operations or supply chains.

## 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 S&C Electric Company and S&C Electric Canada Ltd. 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.



Anders Sjoelin  
Director, S&C Electric Company  
I have the authority to bind the Corporation

**Approved by the Board of Directors of S&C Electric Company.**