



2023 Annual Report

Fighting Against Forced Labour and Child Labour in Supply Chains Act, S.C. 2023, c. 9

EQUS REA Ltd.

Prairie Power Ltd.

Rural Connect Ltd.

1. Introduction

This joint Report is made in accordance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, S.C. 2023, c. 9 (the “**Act**”) and addresses the financial reporting period of January 1, 2023, to December 31, 2023. This Report constitutes the first Report prepared by EQUUS REA Ltd. (“**EQUS**”) and its affiliated entities¹ pursuant to the Act.

This Report provides an overview of EQUUS and outlines EQUUS’ business activities and supply chain operations, as well as measures that EQUUS and its affiliated entities (as applicable) have taken to prevent and reduce modern slavery risks. In this Report, EQUUS identifies several action items that it will incorporate into its business and supply chain processes to ensure continued compliance with the Act.

As of the date of this Report, EQUUS and its affiliated entities are not aware of any instances of forced labour or child labour within its supply chains for the financial reporting period of this Report. EQUUS and its affiliated entities are committed to upholding the obligations and requirements of the Act.

2. EQUUS History, Company Overview, Structure, Business Activities, and Supply Chain Operations

2.1 History

EQUS is a rural electrification association incorporated pursuant to the *Rural Utilities Act* (Alberta), RSA 2000, c R-21. Tracing its roots back to the 1940’s when farmers, ranchers and other rural Albertans formed co-operatives known as rural electrification associations (REAs) to provide electricity to rural Alberta, REAs have played a pivotal role in powering rural Alberta for decades. At the time REAs first formed co-operatives, investor-owned utilities provided electricity exclusively to major cities and towns within Alberta. As a result of the ingenuity and entrepreneurial spirit of rural Albertans coming together to form REAs, rural Albertans were able to develop the electric distribution infrastructure needed to power their

¹ Prairie Power Ltd. (“**PPL**”) and Rural Connect Ltd. (“**RCL**”) are both affiliated entities of EQUUS. PPL is a corporation incorporated under the *Business Corporations Act* (Alberta), RSA 2000, c B-9 on June 13, 2000, and is a wholly owned subsidiary of EQUUS. PPL enters into contracts with wholesale electricity providers in Alberta to purchase electricity on behalf of EQUUS. PPL settles the energy purchased from wholesalers with the Alberta Electric System Operator and invoices EQUUS for payment of the energy procured from such wholesalers. For this reporting period, PPL did not have any activities or operations that meet the reporting requirements of section 9 of the Act.

As of the date of this Report, RCL is a limited private corporation incorporated under the *Business Corporations Act* (Alberta), RSA 2000, c B-9 as 2403744 Alberta Inc. on January 25, 2022. On December 1, 2022, 2403744 Alberta Inc. underwent a name change to “Rural Connect Ltd.” RCL is a fiber-optic telecommunications initiative providing open-access, community-owned, high-speed broadband services to rural communities in Alberta. As of the date of this Report, EQUUS is a subscriber for shares in RCL along with the municipal district of Red Deer County, the County of Paintearth and the Village of Delburne. For this reporting period, RCL did not have any activities or operations that meet the reporting requirements of section 9 of the Act.



homes, farms and businesses. REA members had the choice to own the infrastructure they invested in via the co-operative model that remains fundamental to REAs to this day.

EQUS is the result of several amalgamations between predecessor REAs located throughout Alberta dating back to the late 1940's. In 2013, the Central Alberta Rural Electrification Association Ltd. and the South Alta Rural Electrification Association Ltd., two of the largest REAs in Alberta at the time, amalgamated to form EQUUS – Canada's largest member-owned utility. As a member-owned co-operative, EQUUS members always have the choice to invest in and own its electric distribution system and participate in the governance of that electric distribution system.

2.2 Company Overview

EQUS is the owner and operator of an electric distribution system as defined in the *Electric Utilities Act*, SA 2003, c E-5.1 and operates within a service area approved by the Alberta Utilities Commission pursuant to the *Hydro and Electric Energy Act*, RSA 2000, c H-16. EQUUS' service area is integrated and overlaps with other investor-owned distribution utilities within Alberta, including FortisAlberta Inc.

Headquartered in Innisfail, Alberta, EQUUS maintains area offices located in Claresholm, Alberta, Medicine Hat, Alberta, Penhold, Alberta and Onoway, Alberta. As of the date of this Report, EQUUS provides electric distribution services to over 13,000 members located in 26 municipal districts across Alberta as far north as the town of Barrhead, Alberta, and as far south as the United States border.

Corporate Structure

EQUS employs over 120 full-time, part-time, and temporary employees throughout its corporate office and its area offices. EQUUS' workforce is led by EQUUS' Executive Leadership Team, which includes EQUUS' Chief Executive Officer, its Vice President - Business Services, its Vice President - Operations, its Executive Leader – Finance and EQUUS' General Counsel and Corporate Secretary.

EQUS' corporate organizational structure consists of a board of directors made up of 11 members who are elected via its membership. The elected board of directors serve four-year terms and must be active members of EQUUS in good standing. The board of directors also appoint the following officers within EQUUS: Board Chair, Vice-Chair, Chief Executive Officer and a Corporate Secretary. EQUUS' board of directors are dedicated to the oversight and governance of the business and affairs of EQUUS.

EQUS Mission, Vision and Corporate Values

EQUS is deeply committed to being a values-driven organization. The values of accountability, community, knowledge and quality are embedded in its culture and its day-to-day business, including its supply chain operations. These values guide EQUUS' behavior and decisions, including the strategic priorities EQUUS sets to further EQUUS' mission and vision, which are:

Our Mission: Together, we connect rural Alberta.

Our Vision: To enrich the lives of our members.

All EQUUS employees must participate in ongoing training to explore what it means to be a values-driven organization and to find ways they can live the EQUUS values in their roles. EQUUS' leadership have integrated a values-based approach into their leadership practice and have appointed a team of Cultural



Ambassadors within EQUS – representatives from all departments and EQUS area offices – who are furthering meaningful values conversations and goals with their own teams.

As a values-based organization, EQUS exists to enrich the lives of its members by delivering more than just safe, reliable and high-quality electric distribution services. EQUS' four core values are defined as follows:

Accountability

We own our actions and deliver on our own promises, holding ourselves and each other to our commitments. We ask questions, challenge ideas, learn from our mistakes, and celebrate our successes.

Community

We support both internal and external communities through cooperation, engagement, service, and stewardship.

Knowledge

We seek and share our wisdom and expertise to develop both individually and collectively through continuous improvement, learning, and innovation.

Quality

We provide an excellent standard of work, service and interaction through our commitment to safety, integrity, and efficiency.

2.3 Business Activities

EQUS provides electric distribution services in the following sectors and under the following rate classes:

- Residential Services;
- Irrigation Services (operating between April 1 and October 1 each year);
- Seasonal Capacity Services;
- Small, Medium and Large Capacity Services;
- Oil and Gas Services; and
- Street Lighting Services.

EQUS also supports microgeneration for its membership in accordance with Alberta's *Micro-generation Regulation*, Alta Reg 27/2008. EQUS' microgeneration program allows its members to use sources of renewable or alternative energy to supply electric energy, including solar panels, to generate electricity and earn credit for excess power returned to the grid. The EQUS Solar Preferred Supplier Program offers a list of pre-qualified suppliers located in Alberta for site assessment and system installation, simplifying the transition to solar power for EQUS' members pursuing microgeneration.

2.4 Supply Chain Operations

EQUS' supply chain team centrally manages procurement for all its business operations. EQUS' supply chain team works with local, national and international suppliers located in the United States. EQUS' supply chain includes, but is not limited to, the following purchase categories:

- Power poles;
- Transformers;

- Conductors;
- Wire and cable (overhead and underground);
- Line hardware;
- Automated metering infrastructure and instrumentation;
- Personal protective equipment;
- Office supplies;
- Vehicle fleet; and
- Professional and consulting services.

3. Risk of Forced Labour and Child Labour in EQUUS' Business Activities and Supply Chain

Given its structure, operations, and limited number of supply chain vendors, EQUUS considers the risk of forced labour or child labour within its business and supply chain to be extremely low. EQUUS engages with reputable suppliers in Canada and the United States and engages in due diligence prior to engaging with its suppliers. This due diligence includes but is not limited to, maintaining a list of EQUUS preferred suppliers that it engages with for procurement-related purchases, conducting and assessing detailed requests for proposals, performing interviews and undertaking internal assessments on a supplier's business practices and its corporate reputation and negotiating and drafting binding legal agreements with its suppliers.

3.1 Policies and Due Diligence Processes

EQUUS employees are guided by its four key corporate values: accountability, community, knowledge and quality. All EQUUS employees must adhere to the EQUUS Team Member Handbook, including EQUUS' Code of Conduct and EQUUS' Respectful Workplace Policy, promoting a safe, respectful and inclusive workplace for all EQUUS employees. These corporate standards, while not necessarily exclusive to EQUUS' supply chain, also guide EQUUS' relationships with its suppliers and vendors.

Prior to engaging with a supplier, suppliers are obligated to comply with all applicable legal requirements in accordance with Alberta law and the laws of Canada, including adherence to the Act. This requirement is included in EQUUS' Purchase Order terms and conditions which all suppliers must agree to be bound by when providing EQUUS with goods and services. EQUUS and its suppliers will also agree to a goods and/or services agreement with EQUUS utilizing EQUUS' standard form agreement template, which includes contractual covenants that include that all performance of services or delivery of goods to EQUUS comply with all applicable federal, provincial, and municipal laws and regulations, which includes the Act.

In addition to EQUUS' Preferred Supplier list, which includes pre-vetted suppliers it engages with, EQUUS' supply chain team is required to adhere to detailed Procedure Guidelines which address employees' conduct whenever the following supply chain activities are undertaken:

1. Procurement Process;
2. Issuing Purchase Orders;
3. Creating Work Orders;
4. Inventory Ordering and Purchase Order creation; and
5. Receiving and Invoicing Material.

EQUUS has also identified the following actionable items for 2024 that it will implement to ensure continued compliance with the Act:



1. EQUUS will include a provision prohibiting the use of forced labour and child labour in reference to the Act in its Purchase Order terms and conditions with its suppliers;
2. EQUUS will include a provision in its standard form goods and/or services agreement prohibiting the use of forced labour and child labour by its suppliers in reference to the Act; and
3. EQUUS will include a provision in its standard form goods and/or services agreement that suppliers must inform EQUUS if they become aware of or identify forced labour or child labour within their supply chains or business operations.

3.2 The parts of EQUUS' business and supply chains that carry a risk of forced labour or child labour being used and the steps EQUUS has taken to assess and manage that risk

EQUUS imports the following goods from its suppliers located in the United States: fleet and vehicle equipment, transformers, wire and cable, line hardware, meters and metering equipment. Given EQUUS' limited number of vendors as well as the due diligence factors referred to above that are adhered to when engaging with suppliers, EQUUS identifies the risk of forced labour and child labour as extremely low for the reporting period.

3.3 Any measures taken to remediate any forced labour or child labour

Since there were no known cases of forced labour or child labour in EQUUS' business and supply chains in 2023, no remedial actions have been taken for this reporting period. EQUUS remains committed to high ethical standards and will continue to monitor and assess risks related to modern slavery.

3.4 Any measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in EQUUS' activities and supply chains

Since there were no known cases of forced labour or child labour in 2023, no remedial actions have been taken to remediate any loss of income to vulnerable families that would have resulted from measures taken to eliminate the use of forced labour or child labour in EQUUS' business and supply chains.

3.5 The training provided to EQUUS employees on forced labour and child labour

Every new employee at EQUUS must complete mandatory training upon commencing employment, including undertaking a review of EQUUS' Team Member Handbook and attesting to EQUUS' Code of Conduct, which is a framework of principles for conducting business and dealings with members, other employees and third-party stakeholders, including EQUUS' suppliers. Included within EQUUS' Code of Conduct is a mandatory covenant that each employee will comply with all federal, provincial, territorial and municipal laws, statutes and regulations that affect EQUUS, which includes the requirements of the Act. Each employee is required to review EQUUS' Code of Conduct annually for refresher training. This includes an attestation that the employee has read and agrees to fully comply with the requirements in EQUUS' Code of Conduct as part of their ongoing employment.

Moreover, as part of each employee's adherence to EQUUS' Code of Conduct, all employees must review and understand specific Policies and Procedure Guidelines applicable to their role, including the Procedure Guidelines referred to above in Section 3.1 of this Report relating to supply chain activities. Any breaches of EQUUS' Code of Conduct may be grounds for termination of employment.



3.6 How EQUUS assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains

Although the risk of forced labour and child labour remains extremely low for EQUUS, in addition to the action items identified in Section 3.1 of this Report that EQUUS will implement, EQUUS plans to retain external consultants specializing in modern slavery to assess effectiveness within EQUUS' business activities and supply chain. This external and unbiased assessment will aid EQUUS in determining further training opportunities required to address the requirements of the Act. As of the date of this Report, various business units within EQUUS, including its legal and regulatory and supply chain teams have begun to establish a plan for the next few years which includes further risk identification and mitigation practices with its suppliers to ensure continued compliance with the Act.

Forward Looking Information

Certain statements contained in this Report constitute forward-looking information. Although EQUUS believes that the expectations reflected in the forward-looking information are reasonable based on the information available on the date such information is given and processes used to prepare the information, such information should not be unduly relied upon. Such information involves a variety of assumptions, known and unknown risks and uncertainties, and other factors, which may cause actual results, levels of activity, and achievements to differ materially from those anticipated by such forward-looking information.

4. 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.

Full Name: Andrew Metzger

Title: Chief Executive Officer

Date: October 28, 2024

Signature

A handwritten signature in blue ink, appearing to read "Andrew Metzger", written over a horizontal line. The signature is stylized and cursive.

I have authority to bind EQUUS REA Ltd. and its affiliated entities listed herein.