

## *Supply Chains Act Report*

**Potentia Renewables Inc.**

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## Supply Chains Act Report (2023)

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### 1 About this report

Potentia Renewables Inc. ("**Potentia**") and Potentia Renewables Canada Holdings LP ("**PRCH LP**") have prepared this report (the "**Report**") pursuant to the requirements of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "**Act**") for the financial year ended December 31, 2023.

This Report describes the steps taken to enhance transparency in our supply chains by outlining the steps taken during the 2023 financial year (the "**Reporting Period**") to prevent and reduce the risk that forced labour or child labour ("**Modern Slavery**") is used at any step of the production of goods in Canada or elsewhere, or of goods imported into Canada. This has been done in accordance with the mandatory reporting criteria outlined in Sections 11(1) and 11(3) of the Act.

This is a joint Report made on behalf of Potentia and PRCH LP (collectively, the "**Potentia Reporting Entities**"). All references in this Report to "**we**", "**us**", "**our**" or the "**Reporting Entities**" refer collectively to the Potentia Reporting Entities unless otherwise indicated. This Report has not been externally assured.

The Potentia Reporting Entities do not report under similar legislation in any other jurisdiction.

### 2 Introduction

Established in 2010, Potentia is a fully-integrated developer, owner, asset manager and operator of renewable energy facilities. Potentia owns and manages (either directly or through its affiliates) approximately 1300 MWs of wind and solar assets, with a robust and growing pipeline of projects under development. Potentia's rapid growth in the utility-scale energy market has created an investment of over \$1.7 billion across Canada since 2018.

### 3 Structure, Activities and Supply Chains

#### Company Structure

Potentia is incorporated under the Canada *Business Corporations Act* and is headquartered in Toronto, Ontario. Potentia is indirectly wholly-owned by Power Sustainable Capital Inc. ("**PSCI**"), a wholly-owned subsidiary of Power Corporation of Canada ("**PCC**"), which is a family-controlled publicly-listed holding company (TSX:POW), with a market capitalization of approximately C\$25B.



PRCH LP, a Quebec limited partnership, is a holding entity which holds most Potentia project entities under the Power Sustainable Energy Infrastructure Fund, a private renewable energy open-ended investment fund which has over \$1.8 billion of committed capital from its partners. PRCH LP is managed by PSCI.

In 2023, Potentia employed approximately 90 people in full-time roles across operations in Canada and the United States. PRCH LP does not have any employees.

### Activities and Operations

Potentia is an independent power producer focused on developing, owning, managing and operating rooftop solar installations, utility-scale ground mount solar and wind energy facilities across North America.

Potentia is proud of its proven ability to deliver on projects. Our team's abilities have been tested and proven over the last four years as we have built and brought into operation over 800 MW of assets during a period of extreme market uncertainty amid a global pandemic and conflict.

Potentia has a highly-experienced and talented team that includes some of the most accomplished developers, constructors, and operators in the Canadian renewable energy industry. Roughly twenty percent (20%) of all operating wind and solar projects in Canada were developed, financed, constructed, or operated by a Potentia management team member. Potentia's executive team is one of the strongest execution teams in the industry with a collective experience of developing, financing, constructing, and operating over 5 GW of existing renewable energy assets in North America.

### Our Supply Chains

While conducting our business, the Potentia Reporting Entities procure services, materials and equipment either directly or indirectly through our suppliers and contractors. Our procurement activities are managed by our internal procurement teams at our offices or management and supervisors at our operating facilities. The Potentia Reporting Entities procurement activities during the Reporting Period included, but were not limited to:

- Engineering, construction, procurement and other professional services sourced from contractors located in Canada and the United States;
- High voltage electrical equipment and wind turbine components manufactured in Asia;
- Inverters and other ancillary items for solar photovoltaic projects manufactured in Canada, the United States, and Germany; and
- Ongoing parts and services procurement required for the day-to-day operation of our operating wind and solar facilities.



#### 4 Policies and Due Diligence

Potentia is committed to carrying out business ethically and in accordance with all applicable laws. This includes a prohibition on the use of corrupt and illegal practices. Potentia's policies regarding employee conduct require employees to act with integrity and comply with laws and company policies. Employees at Potentia maintain their professionalism while performing their duties and representing Potentia by conducting themselves in a manner that includes showing respect and consideration for others, being committed to delivering high-quality work, and acting with personal integrity.

##### Whistleblower Policy

At Potentia, we have established procedures and guidelines to protect employees and volunteers who believe that a representative of Potentia is not conducting themselves in accordance with the highest ethical standards (the "**Whistleblower Policy**"). We recognize that the good faith reporting of instances where employees may be engaging in improper or illegal activities is necessary and valuable to all our stakeholders, is consistent with our duty of loyalty and commitment to Potentia and must not be cause for reprisals.

Potentia's employees, directors, officers and volunteers are encouraged to speak, without fear of retaliation, to their direct manager, a member of our human-resources team, or our general counsel regarding observed illegal, unethical, or other behaviour which they think may compromise the Potentia's policies or reputation. Potentia's general counsel will maintain a log of all inquiries and suspected violations in connection with each policy. Any suspected violation shall be investigated and, where appropriate, remedial action taken. Our general counsel will retain all such reports and must report suspected violations to the CEO. Should the matter be such that an employee or volunteer believes that reprisal is likely, and/or the magnitude of the offense warrants it, complaints may be reported anonymously.

Following an investigation, any person found to be involved in illegal, fraudulent, or dishonourable conduct is subject to disciplinary action (up to and including dismissal), and civil or criminal prosecution if warranted. Additionally, disciplinary action will be taken against any manager or supervisor who fails to report misconduct within the scope of the Whistleblower Policy and any person who interferes with the investigation or resolution of a complaint.

We prohibit any form of reprisal, harassment, retaliation or adverse employment consequence to anyone who makes a report in good faith. Any employee who retaliates against someone who has made a complaint in good faith is subject to disciplinary action, up to and including dismissal.

##### Supplier Due Diligence



Building long-term relationships based on trust and mutual respect is at the core of our business model. We require any new suppliers to complete a due diligence questionnaire prior to engaging with them. Included in this questionnaire is a question requesting information regarding any policies such suppliers have with respect to Modern Slavery, ethics, anti-bribery, and other related matters. Should a supplier not have such policies in place we would refuse to further engage. We confirm this information on an annual basis with any suppliers that we are actively engaged with. In addition, the questionnaire also requires suppliers to provide the location of all of their manufacturing operations. In conducting our due diligence, we rely on the policies, procedures and good faith disclosures of our suppliers.

We conduct due diligence on all new and existing suppliers by obtaining information concerning manufacturing locations and traceability protocols to ensure they are capable of actively collecting the appropriate information from their entire supply chain. Manufacturing locations are considered when selecting preferred suppliers, giving preference to those who have multiple manufacturing locations as well as those who avoid geographic areas that may be of concern. We are in regular communication with our suppliers around the globe, giving us additional insight into any potential issues within our supply chains.

In respect of our large portfolio of operating rooftop solar projects, we generally seek to purchase replacement parts and equipment through suppliers based in Canada or the United States, and when doing so, investigate the traceability of these suppliers to ensure there are no significant Modern Slavery concerns or impacts.

Additionally, when performing due diligence related to acquiring new renewable energy projects, external legal counsel is typically engaged to review and advise on, among other matters, commercial agreements and compliance with applicable laws, including any applicable requirements related to Modern Slavery.

As a best practice and as part of our due diligence in respect of our procurement activities relating to solar panels in particular, we apply the Solar Energy Industries Association's ("SEIA") Solar Supply Chain Traceability Protocol, found [here](#) (the "**Protocol**"). This protocol allows us to trace the provenance of components through the supply chain, from input materials to the finished product. The Protocol is necessary and important to us for a variety of reasons, including upholding corporate social responsibility principles, quality assurance, and environmental performance. We believe that robust product traceability provides openness and transparency.

The Protocol is a set of recommended policies and procedures designed to (i) identify the source of a product's material inputs, and (ii) trace the movement of these inputs throughout the supply chain. By implementing the key principles of the Protocol, we are better able to meet our import compliance obligations and realize greater supply chain transparency.



Finally, we actively monitor new developments in policy and arising issues and align our due diligence practices to address new concerns.

## 5 Potential Risks In Our Operations and Supply Chains

In 2023, we undertook the following steps to prevent or reduce the risk of Modern Slavery in our supply chains and operations:

- Carrying out the supply chain due diligence processes outlined above in this Report under the heading "*Supplier Due Diligence*";
- Identifying equipment which falls under the Act and the SEIA Solar Supply Chain Protocol;
- Requiring that all applicable supply and construction agreements will obligate major equipment suppliers to comply with the requirements set forth under the Act and the SEIA's Solar Supply Chain Protocol. This includes compiling detailed, project specific traceability reports which will allow the Potentia Reporting Entities to audit all steps of the manufacturing process; and
- Periodically sending inquiries to existing suppliers under agreements executed prior to the Reporting Period to understand and confirm their processes that are in place related to preventing or reducing the risk of Modern Slavery.

### Potential Risks in Our Operations

The Potentia Reporting Entities consider the risk of Modern Slavery occurring within our operations to be low. Our workforce operates primarily within Canada and the United States, both of which have comprehensive and strict labour, employment, and human rights laws.

### Potential Risks in Our Supply Chains

We recognize that there is a risk of Modern Slavery occurring within supply chains. We understand that geographic considerations, the nature of raw materials and particular industries can carry a higher risk of Modern Slavery. There are also risks linked to certain industries even in countries considered to have lower risks of Modern Slavery. However, overall, we consider the risks of Modern Slavery in our supply chains as low to moderate.

Based on our risk-assessment processes described in this Report and our due diligence processes, we conclude that risks of Modern Slavery may exist in our procurement processes based on our industry, the nature of the products we source, and the country of origin of products and components. We believe that any inherent risks of Modern Slavery in our supply chains are reduced by the policies and due diligence processes set out in this Report.



Our assessment of the risk of Modern Slavery being used in our operations and supply chains did not identify any instances of Modern Slavery. Accordingly, no steps were required to remediate Modern Slavery, nor was there a loss of income associated with remediation efforts.

## **6 Training**

As part of Potentia's onboarding process, all new employees meet with our manager of human resources to review internal policies, including those set out above. Employees are expected to sign a declaration that they have read and reviewed and agree to abide by such policies.

Mandatory training of Potentia's management team is conducted periodically, including as it relates to ethics, human rights, and legal developments related to safety. Information sessions on certain relevant legal, human rights or ethical issues are provided periodically to all Potentia employees including at Potentia's annual "Town Hall" meetings.

As the Potentia Reporting Entities continue the development of their actions to prevent and reduce the risk of Modern Slavery in 2024, we intend to implement, as appropriate, a more focused training module on Modern Slavery and related supply chain risks.

## **7 Assessing Effectiveness**

As set out in this Report, the Potentia Reporting Entities have in place measures to prevent and reduce the risk that forced labour or child labour is used in our activities and supply chains. While we have not yet taken any actions to assess the effectiveness of those actions, the Potentia Reporting Entities intend to assess its effectiveness in preventing and reducing risks of forced labour and child labour in its activities and supply chains.



## 8 Approval & Attestation

This Report was approved pursuant to section 11(4)(b)(i) by the following Boards of Directors:

- Potentia Renewables Inc. on May 30, 2024.
- Renewables Canada Holdings GP Inc. as the general partner of Potentia Renewables Canada Holdings LP on May 30, 2024.

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.



I have the authority to bind Potentia Renewables Inc.

Ben Greenhouse, Chief Executive Officer

Potentia Renewables Inc.

May 30, 2024



I have the authority to bind Potentia Renewables Canada Holdings LP

Ben Greenhouse, Chief Executive Officer

Potentia Renewables Canada Holdings GP Inc. as the general partner of Potentia Renewables Canada Holdings LP

May 30, 2024

