

Q3 2023

CORPORATE ENGAGEMENT PROGRESS REPORT: INNERGEX RENEWABLE ENERGY

Sector

Energy

Focus theme; sub-theme(s)

Human rights; human rights in the supply chain

Related UN Sustainable Development Goal(s)



Engagement activity

Solo

Responsiveness

Responsive

Holding status (subject to change without notice)

NEI Clean Infrastructure Fund,
NEI ESG Canadian Enhanced Index Fund

Objective: Discuss the current state of Innergex’s oversight of human rights risks in their supply chain.

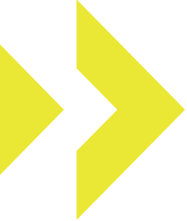
Innergex Renewable Energy is among the renewable energy companies on our 2023 Focus List that we have identified for engaging on the topic of human rights in the supply chain. They are headquartered in Quebec and are involved in wind, hydroelectric and solar power generation. The conditions of solar manufacturing supply chains have been a growing concern, as some of the world’s polysilicon used in solar panels is sourced from the Uyghur region of China, which has been linked to cases of forced labour.¹ The headline risk to companies such as Innergex is substantial, and we are encouraging companies to ensure their oversight extends beyond the boardroom to ground-level operations.

The pressure to take accountability for activities throughout the supply chain is high, and has been amplified by the Uyghur Forced Labor Prevention Act that took effect in the U.S. in June 2022.² Canada passed Bill S-211, Fighting Against Forced Labour and Child Labour in Supply Chains Act, which comes into effect on January 1, 2024.³ These new regulations introduce policy risk that companies have to be prepared for to avoid violations, which could potentially delay projects and hinder operations. We discussed with Innergex how they are implementing solar industry regulations and what they are doing to manage the risks in their supply chain. We want to know they are instilling a sense of accountability among their employees, and that they are also guiding their suppliers to adopt a similar stance.

Innergex tends to continue to use suppliers they already have a relationship with, which helps them maintain familiarity. These suppliers go through a third-party audit when they are onboarded; they know there is a possibility of random site visits, which speaks to Innergex's commitment to supply chain due diligence. They have a supplier code of conduct, which we view as a baseline governance element, and they are signatory to the Solar Industry Forced Labor Prevention Pledge.⁴ Regarding the potential for exposure to Uyghur forced labour in the chain, Innergex says they have a plan to enhance their due diligence process even further.

To encourage responsible mining practices among their raw material suppliers, we recommended that Innergex consider joining the purchasing sector working group through the Initiative for Responsible Mining Assurance. We also discussed their progress on biodiversity, and they said they expect to conduct an assessment of their operations soon.

Next steps: We will continue to follow up with Innergex on their planned human rights due diligence enhancements.



Talk to your advisor today about how responsible investment solutions from NEI can help you achieve your goals.

¹ <https://enduyghurforcedlabour.org/>

² <https://www.cbp.gov/trade/forced-labor/UFLPA>

³ <https://laws.justice.gc.ca/eng/acts/F-10.6/index.html>

⁴ <https://www.seia.org/sites/default/files/Solar%20Industry%20Forced%20Labor%20Prevention%20Pledge%20Signatories.pdf>

This report is based on NEI records, research and impressions gathered during company engagements. Unless otherwise indicated, no company identified in this report reviewed its contents before publication. We acknowledge that company progress on environmental, social and governance issues is due to multiple factors and not attributable solely to NEI's influence.

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