

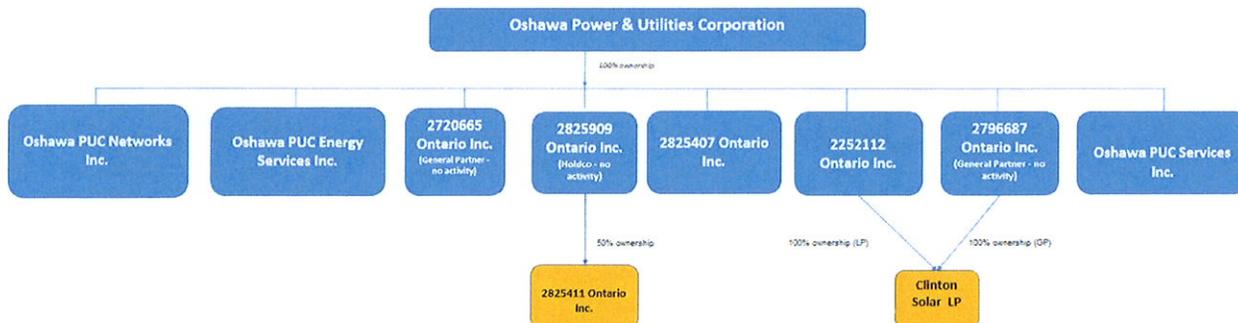
Report on Bill S-211 Fighting Against Forced Labour and Child Labour in Supply Chains Act For the year ended December 31, 2023

Structure, Activities and Supply Chains

Structure & Activities

Oshawa Power & Utilities Corporation (“OPUC”) is a wholly owned subsidiary of the City of Oshawa. OPUC and its subsidiaries (“the Group”) were incorporated under the Business Corporations Act (Ontario) and were formed to provide regulated electricity distribution to the businesses and residences in the service area of Oshawa; and other services under its non-regulated operations that include owning and operating generation assets such as solar panels, a wind turbine, two combined heat and power plants and an anaerobic digester; operating a fibre optic network and providing other energy management and metering services.

This report covers the activities of OPUC and all of its subsidiaries as noted below:



The principal business of the Group is providing electricity distribution services to businesses and residences in the service area of Oshawa, Ontario, through its subsidiary, Oshawa PUC Networks Inc., a local distribution company incorporated under the Business Corporations Act (Ontario) on October 18, 2000. The incorporation was required in accordance with the provincial government's Electricity Act, 1998.

Employees

The Group employs 99 people across all of its affiliates. Most of this workforce is engaged directly via employment contracts or via a Collective Bargaining agreement. The employment contracts and workplace policies are regularly reviewed to ensure compliance with workplace laws.

Supply Chains

The bulk electricity system in Ontario is broken into three main segments:

- 1) **Generation:** the production of electricity through the operation of nuclear, hydro, natural gas, solar, or wind, etc. facilities;
- 2) **Transmission:** the bulk movement of the electricity from the generating site along high-voltage power lines over long distances; and
- 3) **Distribution:** carrying the electricity from the transmission system to individual consumers.

Another important participant in the bulk electricity system is the Independent Electricity Operator (“IESO”), which operates and monitors the province wide electricity grid, directing the flow of electricity, while balancing the hundreds of supply resources with demand.

As an electricity distributor, Oshawa PUC Networks Inc.’s (“the Utility”) role is to deliver electricity safely and reliably, at a reasonable cost. However, as the point of contact for electricity with the end-use customer, the Utility invoices and receives revenue for the entire bulk electricity system, including generation, transmission, and distribution. The revenues collected for generation and transmission are remitted as a pass through (with no profit gained) to the corresponding entities via the IESO.

As the Utility, purchases of goods are primarily in the form of equipment being used to facilitate the distribution of electricity across the service territory. As an affiliate of the Group, the other subsidiaries purchase goods and/or services to support the operation and maintenance of generation assets.

In assessing applicability of reporting under Bill S-211, the Group assessed its financial information of its most recent financial year, the year-ended December 31, 2023, and determined that it has met 2 of the 3 thresholds, requiring submission of a report under Bill S-211, namely:

- Total assets exceeding \$20M – the consolidated assets for the Group is \$285M
- Total revenues exceeding \$40M – the consolidated revenues for the Group is \$175M

There are no other reporting obligations under supply chain legislation.

Policies and Due Diligence Processes

Internal

The Group is committed to being a workplace that is trusted by employees, customers, and shareholders. We encourage employee actions that align with our purpose, and to be a long-term community partner. We maintain a respectful workplace free of discrimination, sexual harassment, and workplace harassment, and believe that all workplace incidents, illnesses, and environmental impacts are preventable and that no task or production schedule



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is more important than the mental and physical health of a worker, the safeguarding of the public, or the protection of the natural environment.

The Group complies with all applicable provincial and federal laws and regulations as a minimum standard. All employees acting on behalf of the Group are expected to comply with this commitment and all related corporate policies, including:

Laws and Regulations

- Ontario Business Corporations Act
- Energy Competition Act
- Employment Standards Act 2000;
- Labour Relations Act, 1995;
- Personal Information Protection and *Electronic Documents Act* (Canada), 2000;
- Ontario Human Rights Code, R.S.O. 1990; ;
- Occupational Health and Safety Act as amended, R.S.O. 1990 ("OHS");
- Environmental Protection Act;
- Accessibility for Ontarians with Disabilities Act, 2005;
- Electricity Distribution License;
- Codes of the Ontario Energy Board; and
- Regulations of the Independent Electricity Market Operator

Internal Codes & Policies

- Code of Conduct;
- Respect in the Workplace Policy: Prevention of Workplace Violence and Workplace Harassment;
- Program for Reporting and Investigating Workplace Violence and Workplace Harassment;
- Occupational Health & Safety Policy;
- Accessibility Policy;
- Fit for Duty; and
- Right to Disconnect

Hiring Practices & Policies

Within the various policies and hiring procedures, the Group adheres to the following extracted items:

- All open job opportunities are posted on a variety of website job boards, and on the Group's website, inviting candidates to apply;
- Complying with provincial regulations, no one under the age of 16 will be employed, and students must be enrolled full time in a community college or university program;
- In no case shall an employee be required to work more than 60 hours in any one week;
- Barring exceptional circumstances, and subject to the Employment Standards Act, 2000, an employee cannot be required to work on a public or paid holiday;
- Employees are entitled to rearrange their work duties without loss of pay in order to observe the religious holiday(s) of their faith; and

We earn the trust of our customers every day by delivering safe, sustainable, reliable energy our customers' value at a competitive rate.

- Employees are offered: sick leave, bereavement leave, pregnancy leave, parental leave, family medical leave.

Almost half of the Group's employees are represented by the International Brotherhood of Electrical Workers (IBEW), whom provide prompt and equitable resolution of employment related complaints, grievances and disputes, and promote co-operation and understanding between the Group and its bargaining unit members, recognizing the mutual value of joint discussions and negotiations in matters pertaining to working conditions, health and safety, wages and benefits, and other employment-related matters.

External

The Group strives to work with suppliers and manufacturers that align with our key principles, behaviours, and core values. The Group relies on a large and diverse roster of suppliers to help make our projects come to life and keep a safe and reliable supply of electricity flowing to the City of Oshawa. We regularly seek qualified contractors and suppliers to provide goods and services, with selection based on merit. When possible, the Group prefers to work closely with local suppliers to support our community's economic prosperity. The current supplier contracts and/or purchase orders include provisions requiring suppliers to comply with applicable Canadian laws.

Working to maintain an open and competitive purchasing environment, the Group has a Purchasing Policy in place to ensure reliable suppliers and contracts. This Policy ensures that all employees are operating within guidelines towards the procurement of equipment in accordance with industry standards and regulations. The Group will ensure that only quality goods and services are acquired and at the most favourable prices to maximize the value of its acquisitions. Equipment is purchased solely based on appropriate requisition approval authority. The Group strives to maintain the following principles in its procurement activities: promote a fair and competitive process for selection of suppliers; ensure equipment is provided on time and at place required; ensure compliance with all applicable laws and regulations; maintain an adequate level of inventory sufficient to support the reliability of the distribution system through reliable delivery to the Group; enable the achievement of safety, ethical, environmental and professional standards; and ensure suppliers consider sustainability and social responsibility with their product and service offerings.

Risk of Forced Labour and Child Labour, Mitigation of the Risk

Internal

Given the adherence to laws, and the policies and procedures in place for all employees, the Group is confident that there is no forced labour or child labour within its employees, all of whom work and reside in Ontario, Canada.

External

The Group, specifically the Utility, purchases finished products or electricity distribution equipment ("equipment") that it then uses to assemble according to its own-engineered designs to provide the service of electricity distribution. The equipment and the assemblies of the equipment must be specifically designed to ensure public safety. In order to deliver a safe, reliable system that will withstand the outside environment in which it is situated for many decades, the majority of the equipment utilized is designed to an industry specification, and must meet performance tests as per an industry standard, such as those developed by the Canadian Standards Association. As

a further step of due diligence, all equipment used in the Utility's system is approved for use by a Professional Engineer as per Ontario Regulation 22/04, which includes an annual audit on the approval process. Therefore, production of electricity distribution equipment requires high quality and precision, which is achieved with a manufacturing sector that has high skill, training, and labour rates. As such, the electricity sector is not prone to forced labour or child labour.

Bill S-211 seeks to help eradicate child and forced labour contributions to the Canadian economy particularly in the areas as identified by the report *Ending child labour, forced labour and human trafficking in global supply chains*: International Labour Organization, Organisation for Economic Co-operation and Development, International Organization for Migration and United Nations Children's Fund, 2019. The report specifically identifies Africa, Asia, Latin America and the Caribbean as areas of concern.

A preliminary internal assessment of risks of forced labour and/or child labour was done on the principal business of electricity distribution, which represents the only subsidiary in the Group that solely met the reporting threshold requirements. A review of the equipment purchased and installed by employees and used by the Utility in the electricity distribution system indicates that 100% of this equipment was supplied from Canadian distributors and/or manufacturers. Although the equipment purchases for the remaining subsidiaries were not reviewed in detail, these purchases are immaterial relative to the Utility. A further review will be conducted in 2024 across all of the affiliates and our subcontractors to assess risk of forced labour and/or child labour.

Assessment of the Effectiveness to Prevent and Reduce Risks of Forced Labour and Child Labour

The Group has witnessed no evidence of forced labour or child labour in its supply chains. We completed a high level, initial review of the Utility's first tier suppliers, as noted above. Given this and the location and high quality required of the equipment purchased by the Utility to be used in the distribution system, the risk of forced labour and child labour being present in the Utility's first tier of the supply chain is relatively low.

However, the Group is committed to working collaboratively with its suppliers, along with industry stakeholders to understand where risks are, and where we need to make changes. We are committed to improving our practices to combat forced labour and child labour. We recognise that forced labour and child labour is a real, yet hidden issue. We will not tolerate any form of this type of labour in our business or supply chain.



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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 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 ability to bind the Corporation and its affiliates.

A handwritten signature in blue ink, appearing to read "Denise Carpenter", is written over a horizontal line.

Denise Carpenter
Board Chair - Oshawa Power & Utilities Corporation

May 31, 2024.

Date