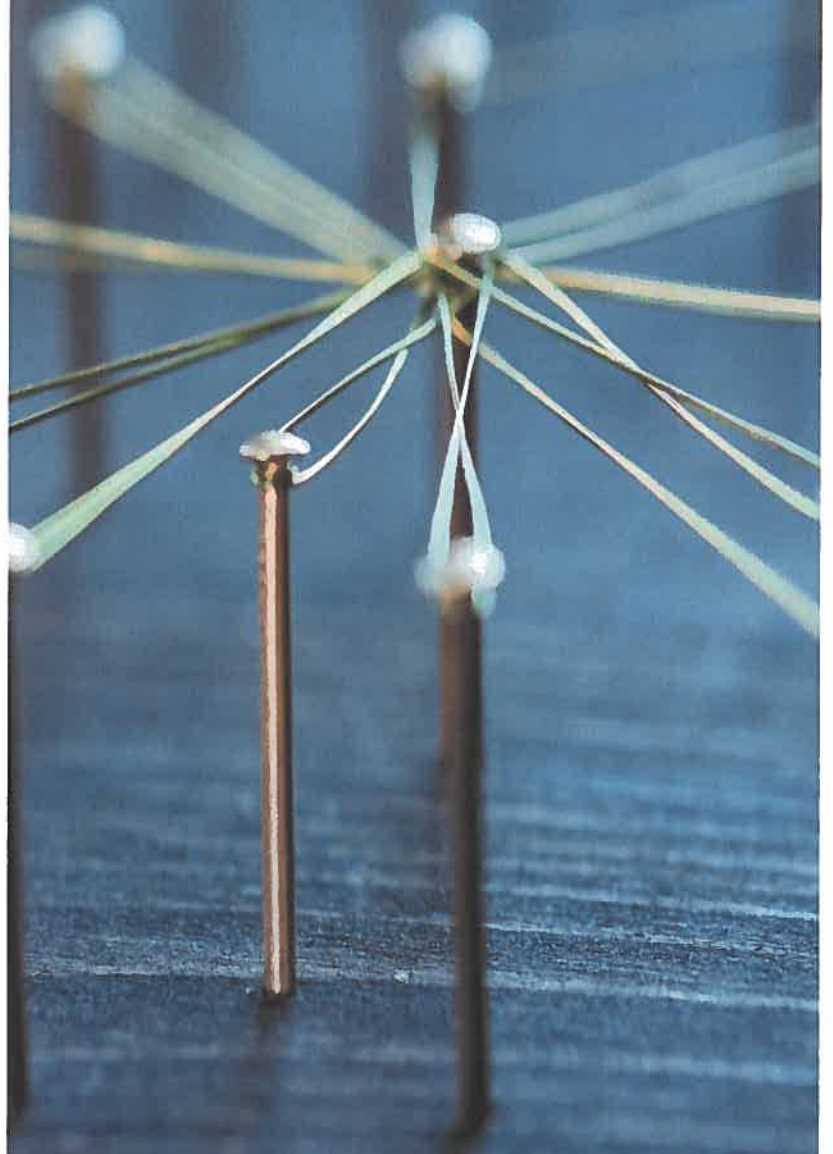




**Report on Bill  
S-211 Fighting  
Against Forced  
Labour and Child  
Labour in Supply  
Chains Act**

**May 2024**



# Report on Bill S-211 Fighting Against Forced Labour and Child Labour in Supply Chains Act

## 1) Structure, Activities and Supply Chains

### a) Structure

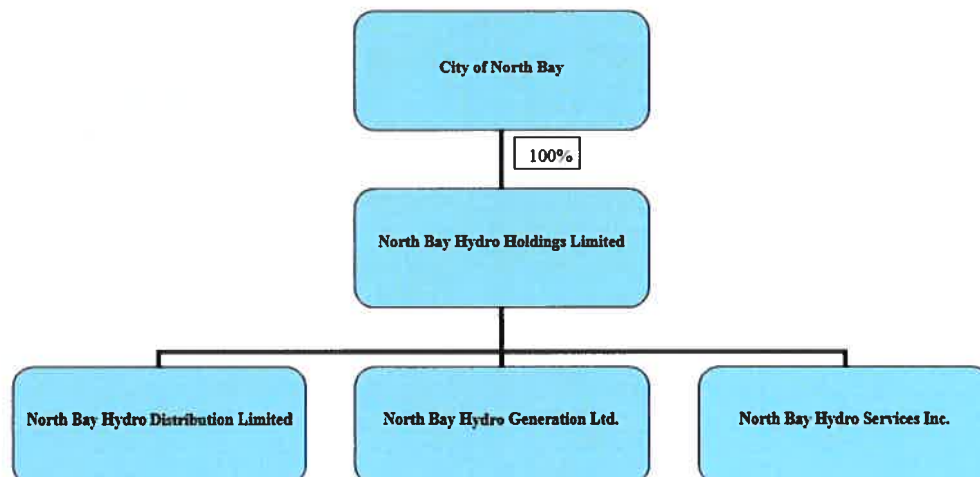
#### Legal & Corporate Structure & Employees

North Bay Hydro Distribution Limited (“NBHDL”) is an electricity distributor licensed by the Ontario Energy Board (“OEB”). In accordance with its Distribution License ED-2003-0024, NBHDL provides electricity distribution services in the City of North Bay (“the City”), serving over 23,000 customers, the Town of Espanola, and the Township of Sables-Spanish Rivers (specifically the Towns of Espanola, Webbwood and Massey), serving over 3,200 customers.

NBHDL is incorporated under the Business Corporations Act (Ontario) as a for profit corporation - pursuant to Section 142 of the Electricity Act Laws of the Province of Ontario, Canada.

NBHDL employs 51 people. The workforce is engaged directly via employment contracts or via employee letters tied to the Collective Bargaining agreement. Employment contracts and workplace policies are regularly reviewed to ensure compliance with workplace laws.

North Bay Hydro Distribution Limited (“NBHDL”) is 100% owned by North Bay Hydro Holdings Limited., a holding company owned 100% by the Corporation of the City of North Bay.



### b) Activities

NBHDL’s mandate is to provide safe, reliable, efficient / cost effective delivery of electricity to the residents and businesses in our service territory; the citizens of the City of North Bay, the Town of Espanola and the Township of Sables-Spanish Rivers under a license issued by the Ontario Energy Board (“OEB”). NBHDL is regulated by the OEB and adjustments to the NBHDL’s electricity distribution rates require OEB approval.

## **c) 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 System Operator (“IESO”), which operates and monitors the province wide electricity grid, directing the flow of electricity, balancing the hundreds of supply resources with demand.

As a distributor, NBHDL’s 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, NBHDL 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.

Depending on which stance is taken on the definitions, and the thresholds for compliance of Bill S-211, NBHDL may or may not be deemed to comply. While NBHDL has a place of business in Canada, does business in Canada, and has assets in Canada, the compliance obligations for Bill S-211 are not clear. According to the NBHDL’s financial statements, two of the three thresholds for compliance are satisfied, though there are facts not explained in the financial statements that add complexity to NBHDL’s decision to comply.

- I. The definition of a “good,” in the normal sense of the word, would not include the delivery of electricity.
- II. Effectively, the 2023 revenue earned from NBHDL’s system and delivery of electricity, is approximately 98.7% of Total Revenues, or CAD \$76.7M of CAD \$77.7M, in which the associated Cost of Power represents CAD \$60M. The \$60M is a pass-through revenue, of which NBHDL’s earns no profit. Net revenue that NBHDL retains is \$16.6M.
- III. As the owner, constructor, and maintainer of the distribution system within its territory, NBHDL’s Total Assets is based on the infrastructure assets which have an operating life of between 30 and 65 years. In 2023, this totaled a net book value of CAD \$85M. However, the capital expenditures in 2023, which more closely reflects the purchase of new assets, totaled CAD \$8.4.

Despite the size of the organization in comparison to the Act’s thresholds, and without further clarity on the definition of a “good”, NBHDL has chosen to comply.

## **2) Policies and Due Diligence Processes**

### **a) Internal**

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

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

#### Laws and Regulations

- 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; and
- Occupational Health and Safety Act as amended, R.S.O. 1990 ("OHSA).

#### Internal Codes & Policies

- Code of Conduct.
- Respect in the Workplace Policy.
- Health & Safety.
- Workplace Discrimination, Harassment, Violence Prevention & Sexual Harassment Policy (Bills 168 & 132) Violence in the Workplace Policy; and

#### Hiring Practices & Policies

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

- All open job opportunities are posted on a variety of website job boards, and on NBHDL'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.
- 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 offered: sick leave, bereavement leave, pregnancy leave, parental leave, and family medical leave.

68% of NBHDL's employees are represented by the Power Workers Union, Canadian Union of Public Employees Local 1000, providing the prompt and equitable resolution of employment related complaints, grievances and disputes, promoting co-operation and understanding between NBHDL and members of the bargaining unit, and recognizing the mutual value of joint discussions and negotiations in matters pertaining to the improvement of working conditions, scale of wages, employee benefits and other employment-related matters.

### **b) External**

NBHDL strives to only work with suppliers and manufacturers that align with our key principles, behaviours, and core values. The current supplier contract includes provisions requiring suppliers to comply with applicable Canadian laws.

Working to maintain an open and competitive purchasing environment, NBHDL has a Purchasing Policy in place to ensure reliable suppliers and contracts. This policy ensures that employees in the purchasing department are operating within guidelines towards the procurement of equipment in accordance with industry standards and regulations.

### **3) Risk of Forced Labour and Child Labour, Mitigation of the Risk**

#### **a) Internal**

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

## **b) External**

NBHDL 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. The equipment and the assemblies of the equipment must be specifically designed for a few main factors:

- 1) electricity is dangerous to everyone and anything that is near it,
- 2) electricity is a necessary service that every resident, business – commercial and industrial customer connected to the electricity system relies on;
- 3) the system is installed and operates in the public domain, overhead along the streets, highways, and underground of the streets and houses.

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 NBHDL'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, Organization for Economic Cooperation 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.

Based on the top 20 suppliers supporting the electricity distribution system in the province, in 2023 NBHDL spent CAD \$ 1.6M – all products supplied from Canada or the United States of America. NBHDL does not perform any import activities for any of the electricity distribution systems, we utilize industry suppliers as part of our supply chain practices.

## **4) Assessment its Effectiveness, Steps to Prevent and Reduce Risks of Forced Labour and Child Labour**

NBHDL has witnessed no evidence of forced labour or child labour in its supply chains. We completed a high level, initial review of our first-tier suppliers and some second-tier manufacturers, finding that some of the second-tier manufacturers have addressed forced labour and child labour in their Codes of Conduct. Given this, the location, and high quality involved in manufacturing the equipment purchased by NBHDL to be used in the distribution system, the risk of forced labour and child labour being present in NBHDL's first, and second tiers of the supply chain is relatively low.

However, NBHDL is committed to working collaboratively with the suppliers we are in business with, 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 recognize that forced labour and child labour is a real, yet hidden issue. We will not tolerate either forms of slavery in our business or supply chain.

**5) 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 MATT PAYNE

Title PRESIDENT + CEO

Date MAY 29 2024

Signature 

"I have the authority to bind 'North Bay Hydro Distribution Limited.'"