



PUC Report on Bill S-211

Fighting Against Forced Labour and Child Labour in Supply Chains

May 30, 2024

Table of Contents

1. Structure, Activities, and Supply Chains.....	3
A. Structure	3
B. Activities.....	3
C. Supply Chains	3
2. Policies and Due Diligence Processes.....	3
A. Internal.....	3
B. External	5
3. Risk of Forced Labour and Child Labour, Mitigation of Risk.....	5
A. Internal.....	5
B. External	5
4. Assessment of Effectiveness, Steps to Prevent & Reduce Risks of Forced Labour and Child Labour ...	6
5. Attestation.....	6

1. Structure, Activities, and Supply Chains

A. Structure

PUC Distribution Inc. (“the Entity”) is a distribution company registered under the Ontario Business Corporations Act and is wholly owned by PUC Inc.

The Entity distributes electricity to residences and businesses within the boundaries of the City of Sault Ste. Marie, the Batchewana First Nation (Rankin Reserve), Prince Township and parts of Dennis Township. The management, maintenance and operations of the distribution system is carried out by PUC Services Inc. under a long-term contract.

B. Activities

The Entity’s mandate is to provide safe, reliable, efficient and cost-effective delivery of electricity to the residents and businesses in our service territory, the citizens of the City of Sault Ste. Marie under a license issued by the Ontario Energy Board (“OEB”). The Entity is regulated by the OEB and adjustments to the Entity’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 is operated and monitored, directing the flow of electricity, balancing the hundreds of supply resources with demand.

As a distributor, the Entity’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, the Entity 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.

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

2. Policies and Due Diligence Processes

A. Internal

The Entity is committed to conducting business in an open and ethical manner. This is accomplished by creating a workplace build on the values of trust, accountability, and integrity in all our business practices. It is the responsibility of every employee to adhere to our Code of Conduct Policy by supporting, and actively participating in this application. All employees are obliged to comply with the

Entity's Code of Conduct. This includes a responsibility to avoid interests, activities, or influences which might conflict with these obligations.

Entity complies with all applicable provincial and federal laws and regulations as a minimum standard. All employees acting on behalf of Entity 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;
- Health & Safety Manual;
- Workplace Anti-Violence and Harassment Policy;
- Accessibility (AODA) Policies.

Hiring Practices & Policies

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

- All open job opportunities are posted on a variety of website job boards, and on Entity's website, inviting candidates to apply;
- Complying with provincial regulations, no one under the age of 18 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; unless under section 19 of the Employment Standards Act;
- 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 to observe the religious holiday(s) of their faith; and
- Employees are offered: sick leave, bereavement leave, pregnancy leave, parental leave, family medical leave.

The Entity through a Management Operations and Maintenance Agreement has employees represented by the Power Worker's Union ("PWU"). This provides the prompt and equitable resolution of employment related complaints, grievances, and disputes, promoting co-operation, and understanding between the Entity 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

The Entity strives to only work with suppliers and manufacturers that align with our mission, vision, and values. The current supplier contract includes provisions requiring suppliers to comply with applicable Canadian laws.

Working to maintain an open and competitive purchasing environment, Entity has a Corporate 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 Risk

A. Internal

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

B. External

The Entity 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.

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 Entity’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.

A review of the equipment used by the Entity in the electricity distribution system notes that, based on the 2023 spend of approximately CAD \$50,182,206, 99% is supplied from Canada or the United States of America.

4. Assessment of Effectiveness, Steps to Prevent & Reduce Risks of Forced Labour and Child Labour

The Entity 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 and the location and high quality involved in manufacturing the equipment purchased by Entity to be used in the distribution system, the risk of forced labour and child labour being present in Entity's first and second tiers of the supply chain is relatively low.

However, the Entity is committed to working collaboratively with the suppliers we are in business with, along with industry stakeholders to understand where the 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 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 Robert Brewer

Title President & CEO

Date May 30, 2024

Signature



“I have the authority to bind PUC Distribution Inc.”