

2023 Report on Bill S-211 Fighting Against Forced Labour and Child Labour in Supply Chains Act



Newmarket-Tay Power Distribution Ltd. is filing this report jointly with its majority shareholder, Newmarket Hydro Holdings Inc.

Structure, Activities and Supply Chains

Structure & Employees

Newmarket-Tay Power Distribution Ltd.

Newmarket-Tay Power Distribution Ltd. (NT Power) was incorporated on May 1, 2007, by amalgamation of the former entities: Newmarket Hydro Ltd. and Tay Hydro Electric Distribution Company Inc. Subsequently, on September 7, 2018, NT Power purchased (and amalgamated with) the former entity Midland Power Utility Corporation. NT Power is owned by Newmarket Hydro Holdings Inc. (NHHI), which holds a 93% controlling interest, and Tay Hydro Inc., which holds a 7% non-controlling interest.

The principal activity of NT Power is to distribute electricity to the residents and businesses in the Town of Newmarket, Town of Midland, and the Township of Tay. NT Power employs approximately 80 people. This workforce is engaged directly via employment contracts, and some members of the workforce may also be part of a Collective Bargaining agreement. The employment contracts and workplace policies are regularly reviewed to ensure compliance with workplace laws.

Newmarket Hydro Holdings Inc.

NHHI is a holding company, with no active business of its own. It has two subsidiaries and a minority interest in a third company, as set out below:

- 1) NT Power (93% ownership)
- 2) NT Holdings Inc. (93% ownership)
- 3) Ecobility Inc. (20% minority ownership)

NT Holdings Inc. and Ecobility Inc. are not considered entities with reporting obligations under the Act.

NT Holdings Inc. (formerly ENVI Networks Inc.) started operations in 2018. Until the sale of its business in 2022, the NHHI's primary activity was to provide high speed internet to the Newmarket community by providing its customers with the necessary infrastructure and equipment to utilize the service. Today, NHHI's operations are effectively discontinued and are limited to facilitating cash flow exchanges between the company and the purchasing entity, all of which pertain to the sale of the business.

Ecobility Inc. is a discontinued business, which previously provided conservation and demand management services to electricity distributors in Ontario.



Activities

NT Power's mandate is to provide safe, reliable, efficient, and cost-effective delivery of electricity to approximately 45,000 residents and businesses in its service territory, within the Town of Newmarket, Town of Midland, and the Township of Tay. NT Power is licensed and regulated by the Ontario Energy Board.

As a distributor, NT Power's role is to deliver electricity safely and reliably, at a reasonable cost. NT Power distributed approximately 837,000,000 kWh of electricity in 2023, with an average monthly peak demand of approximately 142,000 kW. As the point of contact for electricity with the end-use customer, NT Power 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) to the corresponding entities via the IESO.

NT Power is not in the business of importing goods. However, some imported goods may be used to support the distribution of electricity. It is NT Power's understanding that the Act is not intended to capture services that solely support the production or importation of goods.

Supply Chains

NHHI is a holding company and does not have operations of its own, and therefore, no supply chain to consider.

Regarding NT Power, the bulk electricity system in Ontario is broken into three main segments:

- Generation: the production of electricity through the operation of nuclear, hydroelectric, natural gas, solar, wind, and other facilities;
- Transmission: the bulk movement of the electricity from the generating site along high-voltage power lines over long distances; and
- 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 is operated and monitored, directing the flow of electricity, balancing the hundreds of supply resources with demand.

As the owner, constructor, and maintainer of the distribution system within its territory, NT Power's total assets is based on the infrastructure assets which have an operating life of between 30 and 50 years. In 2023, capital assets totaled CAD \$158 million. However, the capital expenditures in 2023, which more closely reflects the purchase of new assets, totaled CAD \$7M, or 5% of total capital assets. A review of NT Power's 2023 purchases including those pertaining the electricity distribution system indicates that the majority of NT Power's purchases are from Canadian vendors.



Steps to Prevent and Reduce Risks of Forced Labour and Child Labour

NHHI is a holding company and does not have operations of its own. Of its investments and subsidiaries, only NT Power has operations with a supply chain that may be impacted by forced labour or child labour.

In 2023, NT Power relied on its existing policies and procedures to address any potential forced or child labour in its supply chains. NT Power became aware of the need to assess forced and child labour in the supply chain in late 2023 through the introduction of Bill S-211. While NT Power did not undertake a full review and assessment, NT Power does not believe there is a high risk of forced labour and child labour in its supply chain based on management's existing knowledge of first-tier suppliers.

NT Power is committed to working collaboratively with the suppliers it is in business with, along with industry stakeholders, to understand where risks are, and where there are required changes. NT Power is committed to improving its practices, wherever applicable, to combat forced labour and child labour.

Policies and Due Diligence Processes

Internal

NT Power is committed to being a workplace that is trusted by employees, customers, and shareholders. NT Power's mission is to be trusted by customers to provide simple, sustainable energy solutions. The Company encourages employee actions that align with its purpose, and to be a long-term community partner. NT Power maintains 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.

NT Power complies with all applicable provincial and federal laws and regulations as a minimum standard. All employees acting on behalf of NT Power 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;
- Workplace Violence and Harassment Policy;
- Accessibility (AODA) Policies.

Hiring Practices & Policies:

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

- All open job opportunities are posted on a variety of website job boards, and on NT Power's website, inviting candidates to apply;
- Complying with provincial regulations, no one under the age of 16 will be employed, and co-op 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
- Employees are offered: sick leave, bereavement leave, pregnancy leave, parental leave, family medical leave.

NT power has employees represented by a union, providing the prompt and equitable resolution of employment related complaints, grievances and disputes, promoting co-operation and understanding between NT Power 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.

As at the end of 2023, NT Power did not have specific employee training on forced labour and child labour.

As at the end of 2023, NT Power was primarily relying on existing policies and procedures to address forced labour and child labour. NT Power had not yet developed policies and procedures to assess the effectiveness in ensuring forced labour and child labour is not used in its supply chain.

External

NT Power strives to only work with suppliers and manufacturers that align with its key principles, behaviours, and core values. Working to maintain an open and competitive purchasing environment, NT Power has a Purchasing Policy in place to ensure reliable suppliers and contracts. One of the principles governing the Policy is to encourage suppliers to consider sustainability and social responsibility in the product or service offering. The Policy ensures that employees responsible for the purchasing of goods and services are operating within guidelines towards the procurement of equipment and supplies in accordance with industry standards and regulations.

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, NT Power is confident that there is no forced labour or child labour within its employees, all of whom work and reside in Ontario, Canada.

External

NT Power purchases finished products or electricity distribution 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 due to the following main factors:

- 1) electricity is potentially dangerous to everyone and anything that is near it,
- 2) electricity is a necessary service that every residential, commercial, and industrial customer connected to the electricity system relies on; and
- 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 NT Power'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 review of NT Power's purchases including those pertaining to the electricity distribution system indicates that the majority of purchases are from Canadian vendors.

As NT Power is not aware of forced labour or child labour in its supply chain in 2023, it has not



needed to take remediation measures, or needed to remediate for loss income to the most vulnerable families that are impacted from forced labour or child labour.



Newmarket-Tay Power Distribution Ltd. 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 Newmarket-Tay Power Distribution Ltd. 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

David Charleson

Title

Board Chair

Date

April 19/2024

Signature

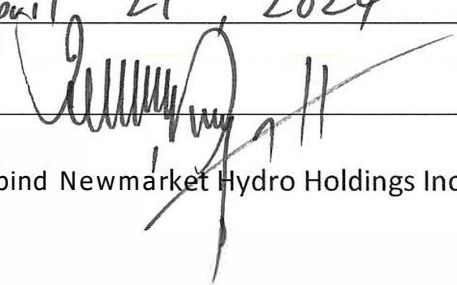


"I have the authority to bind Newmarket-Tay Power Distribution Ltd."



Newmarket Hydro Holdings Inc. 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 Newmarket Hydro Holdings Inc. 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 Ian McBoysall
Title Chief Administrative Officer (CAO)
Date April 29, 2024
Signature 

"I have the authority to bind Newmarket Hydro Holdings Inc."

