



2023

YEAR END

REPORT ON

BILL S-211

Prepared By:

Halton Hills Community Energy Corporation

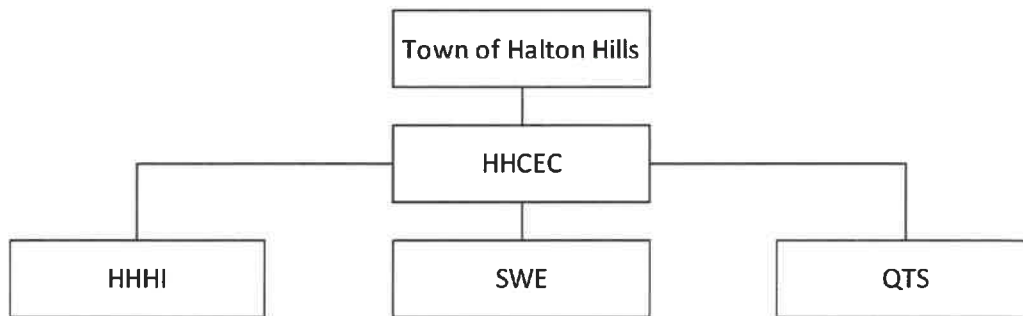
Report on Bill S-211 Fighting Against Forced Labour and Child Labour in Supply Chains Act

1) Structure, Activities and Supply Chains

a) Structure

Legal & Corporate Structure & Employees

Halton Hills Community Energy Corporation (“HHCEC”) is a wholly owned subsidiary of the Town of Halton Hills. HHCEC was incorporated on April 13, 1999 under the *Business Corporations Act (Ontario)*. HHCEC is the holding company of Halton Hills Hydro Inc. (“HHHI”), SouthWestern Energy Inc. (“SWE”) and 2008949 Ontario Limited, operating as Quality Tree Service (“QTS”).



HHHI was incorporated on April 13, 1999 under the *Business Corporations Act (Ontario)* pursuant to Section 142 of the *Electricity Act Laws* of the Province of Ontario, Canada. As of December 31, 2023, HHHI employs 46 people consisting of 34 union staff reporting to 10 management staff in 8 departments and 2 senior executives in the business of distributing electricity to end use consumers. Most of this workforce is engaged directly via employment contracts or via a Collective Bargaining agreement. HHHI employment contracts and workplace policies are regularly reviewed to ensure compliance with workplace laws.

SWE was incorporated on October 17, 1999 under the *Business Corporations Act (Ontario)*. As of December 31, 2023, SWE employs 4 people consisting of 3 union staff reporting to 1 management staff in the business of providing outdoor lighting, traffic lighting, water billing and utility service construction. Most of this workforce is engaged directly via employment contracts or via a Collective Bargaining agreement. SWE employment contracts and workplace policies are regularly reviewed to ensure compliance with workplace laws.

QTS was incorporated on January 30, 2002 under the *Business Corporations Act (Ontario)* and purchased by HHCEC in 2016. As of December 31, 2023, QTS employs 9 people consisting of 8 union staff reporting to 1 management staff in the business of providing expert tree service and vegetation management to municipalities, utilities and residential customers. Most of this workforce is engaged directly via employment contracts or via a Collective Bargaining agreement. QTS employment contracts and workplace policies are regularly reviewed to ensure compliance with workplace laws.



b) Activities

HHHI's mandate is to "provide Halton Hills with electricity distribution excellence in a safe and reliable manner". HHHI's focus is safe, reliable, efficient / cost effective delivery of electricity to the residents and businesses in our service territory, the citizens of the Town of Halton Hills under a license issued by the Ontario Energy Board ("OEB"). HHHI is regulated by the OEB and adjustments to HHHI's electricity distribution rates require OEB approval.

SWE provides outdoor lighting, traffic lighting, construction, water billing and maintenance services within the Town of Halton Hills and throughout Southern Ontario. We have a commitment to delivering quality service and each member of our team has a responsibility to help one another achieve success and satisfaction on the job.

QTS provides tree trimming and removal services, stump removal, vegetation management and fertilizing within the Town of Halton Hills and throughout Southern Ontario. We have a commitment to delivering quality service and each member of our team has a responsibility to help one another achieve success and satisfaction on the job.

c) Supply Chains

HHCEC:

HHCEC is the holding company of HHHI, SWE and QTS and does not purchase goods that require a supply chain.

HHHI:

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, balancing the hundreds of supply resources with demand.

As a distributor, HHHI'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, HHHI 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.



SWE:

As primarily a service company, SWE purchases are mostly for equipment required to complete services. SWE does not meet the definition of an Entity and as such, has not provided a separate report but instead is considered part of HHCEC reporting.

SWE considers there to be a limited risk of forced and child labour occurring. Geographically, SWE's business is in Ontario, Canada, which, according to the Global Slavery Index, has a low prevalence of forced and child labour, a low risk of vulnerability to forced and child labour, and comparatively robust governmental oversight of the issue. Moreover, SWE's workforce is governed by the applicable federal and provincial labour and employment standards, in addition to policies and procedures that govern recruitment and labour sourcing, working conditions and the ethical treatment of our employees.

QTS:

As primarily a service company, QTS purchases are mostly for equipment required to complete services. QTS does not meet the definition of an Entity and as such, has not provided a separate report but instead is considered part of HHCEC reporting.

QTS considers there to be a limited risk of forced and child labour occurring. Geographically, QTS's business is in Ontario, Canada, which, according to the Global Slavery Index, has a low prevalence of forced and child labour, a low risk of vulnerability to forced and child labour, and comparatively robust governmental oversight of the issue. Moreover, QTS's workforce is governed by the applicable federal and provincial labour and employment standards, in addition to policies and procedures that govern recruitment and labour sourcing, working conditions and the ethical treatment of our employees.

2) Policies and Due Diligence Processes

a) Internal

HHCEC is committed to conducting all business dealings in compliance with all applicable laws and regulations, based on the highest ethical standards and in full compliance with our Code of Conduct.

We are 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 respectful workplaces 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, recognizing that the competitive pressures for economic growth and cost efficiency must be integrated with environmental stewardship.

As representatives of HHCEC and its affiliates, employees, directors and agents are expected to comply with all provincial, federal and local laws as well as internal policies and to conduct themselves in a manner which in no way jeopardizes the integrity and the image of HHCEC or its affiliates.



All employees acting on behalf of HHCEC and its affiliates are expected to comply with our 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 Policy Statement;
- Workplace Discrimination, Harassment and Violence Prevention Policy;
- Workplace Discrimination, Harassment and Violence Prevention Program and Procedure;
- Integrated Accessibility Standards Policy;
- Accident and Incident Event Reporting Policy;
- Emergency Preparedness Plan;
- Mayday Procedure;
- Disconnect from Work Policy.

Hiring Practices & Policies

Within the various policies and hiring procedures, HHCEC and its affiliates adhere to the following extracted items:

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

HHCEC affiliates' unionized employees are represented by the Power Workers' Union, providing the prompt and equitable resolution of employment related complaints, grievances and disputes, promoting co-operation and understanding between HHCEC and its affiliates and the 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

HHHI is working towards developing relationships with suppliers and manufacturers that align with our key principles, behaviours and core values.

Working to maintain an open and competitive purchasing environment, HHCEC and its affiliates have a Purchasing Policy and Purchasing Practices in place to ensure reliable suppliers and contracts. This procedure must be followed to ensure that materials, tools, or equipment purchased or changed for HHCEC or its affiliates meet established criteria. All materials, tools or equipment purchased must meet applicable legislative, regulatory, and health and safety requirements.

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

a) External

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

b) External

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.

HHCEC:

As the holding company, HHCEC makes limited purchases through supply chains, thus there is limited risk of forced or child labour.

HHHI:

HHHI 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 HHHI’s system is approved for use by either a Professional Engineer or via the rules of the Distributor 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 HHHI in the electricity distribution system notes that, based on the 2023 tier 1 spend at least 92% (the top fifty (50) suppliers) is supplied from Canada or the United States of America.

SWE:

A review of the equipment used by SWE, in the business of providing outdoor lighting, traffic lighting, construction, and maintenance services within the Town of Halton Hills and throughout Southern Ontario, notes that, based on the 2023 tier 1 spend at least 97% (the top fifty (50) suppliers) is supplied from Canada.

QTS:

A review of the equipment used by QTS, providing tree trimming and removal services, stump removal and fertilizing within the Town of Halton Hills and throughout Southern Ontario, notes that, based on the 2023 tier 1 spend at least 99% (the top fifty (50) suppliers) is supplied from Canada.

4) Remediation of forced labour or child labour

In the event that HHCEC or its affiliates is informed of, or discovered, the potential or confirmed presence of forced and child labour in its supply chains, the company will investigate and take the appropriate remedial measures by either ceasing, preventing or mitigating any adverse impacts.

Neither HHCEC, nor its affiliates, have identified any instances of forced labour or child labour in the first tier of our supply chains during the Reporting Period and, therefore, no remedial measures were taken, including those related to remediating the economic impact on the most vulnerable families.

5) Training

HHCEC and its affiliates review the Code of Conduct annually. Additional training specific to forced labour and child labour has not been conducted in the reporting period.

6) Assessment of Effectiveness, Steps to Prevent and Reduce Risks of Forced Labour and Child Labour

HHCEC and its affiliates have 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, the risk of forced labour and child labour being present in HHCEC and its affiliates' first and second tiers of the supply chain is relatively low.



However, HHCEC and its affiliates are 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 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.


7) 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 HHCEC and its affiliates. 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 Ann Lawlor

Title Chair, Halton Hills Community Energy Corporation

Date May 30th, 2024

Signature 

"I have the authority to bind Halton Hills Community Energy Corporation."