



niagara
peninsula
energy inc.

Your
Local
Utility
ANNUAL REPORT

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PURPOSE

This annual report for the 2024 financial reporting year has been created by Niagara Peninsula Energy Inc. ("NPEI") for the sole purpose of meeting its obligations and reporting requirements for entities pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act, SC 2023, c 9* (the "Act").

OUR COMMITMENT

NPEI's mission is to deliver safe, efficient, and reliable electricity with excellent customer service and community value. NPEI is committed to preventing and reducing the risk that forced labour, child labour is used at any step in the production of goods in Canada, or elsewhere, including goods that NPEI imports into Canada.

CATEGORIZATION, SECTOR, AND INDUSTRY

NPEI is an entity under the Act

NPEI is an electrical distribution company jointly owned by Niagara Falls Hydro Holding Corporation and Peninsula West Power Inc.

NPEI owns and operates one (1) transformer station [Kalar Rd. TS] that steps voltage down for distribution in the City of Niagara Falls, eight (8) municipal stations in Niagara Falls [Armoury St MS., Ontario Ave. MS, Park St. MS, Lewis Ave. MS, Allendale Ave. MS, Drummond Rd. MS, Virginia St. MS & Swayze Drive MS], and five (5) distribution stations in Fonthill [Station St. DS & Pelham St. DS], Town of Lincoln [Green Lane DS & Campden DS] and Smithville [Smithville DS]. Due to NPEI's large service territory, NPEI has two (2) service locations; one (1) in Niagara Falls, Ontario; and one (1) in Smithville, Ontario. Both service locations have an office, warehouse, and fleet facilities. NPEI currently owns and maintains approximately 25,000 poles, 10,700 transformers, and 4,600 circuit kilometres of line, which services approximately 59,000 customers.

In terms of the Act's threshold requirements, NPEI has at least \$20 million in assets for at least one of its two most recent financial years and it has generated at least \$40 million in revenue for at least one of its two most recent financial years.

Our Operations

NPEI operates in the utilities and construction sectors. It provides local electricity distribution and related services to residential and business customers in the City of Niagara Falls, Town of Lincoln, Township of West Lincoln and the Town of Pelham. NPEI sources the vast majority of its energy from the Ontario Independent Electricity System Operator ("IESO"). The IESO is a neutral third-party independent organization that is responsible for keeping the power grid in Ontario balanced between generation and load. The IESO coordinates the market supply and liaises between utilities, electricity distributors, and energy generation companies. NPEI generates some electricity via solar panels at its Niagara Falls location. This electricity is sold directly to the IESO.

NPEI also designs, constructs, and maintains electrical infrastructure, both overhead (poles and wires) and underground (pad mount equipment and underground cables). For the majority of its operations, NPEI uses its own employees. However, NPEI does engage independent contractors and third-party

service providers from time-to-time for some supporting services. These contractors go through a qualification process that verifies their qualifications, health and safety protocols, and insurance.

STRUCTURE, ACTIVITIES, AND SUPPLY CHAINS

Our Supply Chain

To provide its electricity distribution services, NPEI sources almost all of its goods from third-party vendors in Canada. These goods include, but are not limited to, wire, bolts, fuses, insulators, clamps, washers, anchors, brackets, arresters, safety equipment, distribution transformers, meters, and tools. When it is necessary to source goods from outside of Canada, NPEI typically imports goods from the United States. For materials used in the construction and maintenance of NPEI's infrastructure, NPEI utilizes industry standard materials and suppliers. All equipment is reviewed and approved by NPEI engineers prior to use. NPEI is also a member of both the Utility Standards Forum and the GridSmartCity Cooperative.

Steps Taken by NPEI in 2024

To prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere, or of goods imported into Canada, NPEI took the following steps in 2024:

1. NPEI developed a Supplier Code of Conduct (the "Code") which describes NPEI's expectations of suppliers regarding Health and Safety, Ethical Business Conduct (including Child and Forced Labour), Conflicts of Interest, Confidential Information, Environmental Stewardship and Indigenous Relations. Training on the Code will be provided to NPEI Staff during 2025, and the Code will be then provided to all of NPEI's suppliers.
2. NPEI made draft revisions to its Purchasing Policy, specifically referencing NPEI's commitment to preventing and reducing the risk of forced labour and child labour. The revised Purchasing Policy will be provided to NPEI's Finance Committee for approval in 2025.
3. NPEI made revisions to its Code of Conduct Policy to reference NPEI's support for the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*.
4. NPEI provided high level training on the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* during all staff safety meetings held in December 2024 (Operations Safety Meetings and Office Safety Meetings).

POLICIES AND DUE DILIGENCE PROCESSES

NPEI has due diligence processes in relation to forced and/or child labour, including the embedding of responsible business conduct into its policies and management systems. As mentioned above, in 2024, NPEI maintained several policies and processes to help identify and manage potential forced labour and child labour risks within the business and its supply chain, including through the Supplier Code of Conduct, the Code of Conduct Policy and the Purchasing Policy.

