

Report on Fighting Against Forced Labour and Child Labour in Supply Chains Act

Introduction

On January 1, 2024, Bill S-211 took effect as the *Fighting Against Forced Labour and Child Labour in the Supply Chain Act*¹ (the “Act”) This legislation 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, 2019². The report specifically identifies Africa, Asia, Latin America and the Caribbean as areas of concern.

The Act imposes a filing component for businesses which operate in Canada and meet certain criteria. ERTH Power Corporation (“**ERTH Power**”) is a regulated local electricity distributor servicing approx. 25,000 customers in 15 communities in four Counties located in southwestern Ontario. We have decided to report under the Act as it appears that ERTH Power *may* meet the criteria for a qualifying entity set out in Section 1 of the Act.³

ERTH Power is wholly-owned by ERTH Corporation, a municipally-owned holding company. Pursuant to Section 9(c) of the Act, ERTH Corporation submits this joint report on behalf of ERTH Power, the qualifying entity that we control. (When used in this report, “**ERTH**” refers collectively to ERTH Power and ERTH Corporation.)

Slavery, human trafficking, forced labour and child labour are contrary to our core values and ERTH does not tolerate them in our organization or in those of our suppliers, contractors, and subcontractors. The ERTH Boards of Directors (the “**Boards**”) require that our employees act with integrity and always comply with the letter and spirit of the relevant legislation and regulations in the jurisdiction in which we operate. This commitment is reflected ERTH’s policies, procedures,

¹ [Fighting Against Forced and Child Labour in the Supply Chain S.C. 2023, c. 9](#)

² [Ending child labour, forced labour and human trafficking in global supply chains | IOM Publications Platform](#)

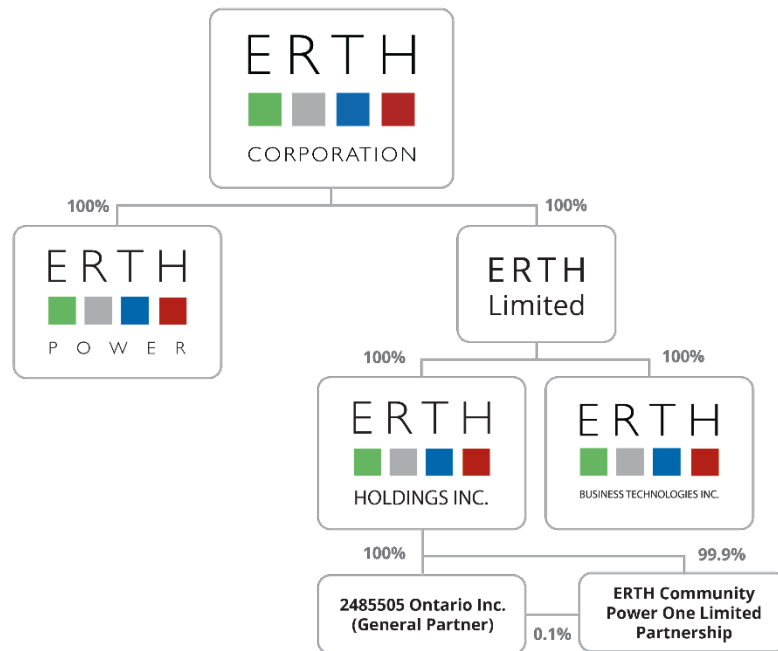
³ ERTH has elected to file this report on a voluntary basis for the year 2023 on the assumption that Assuming that the sale of electricity constitutes the distribution of a “good” under the Act, but we look forward to future guidance from Public Safety Canada as to whether ERTH Power and other electricity distributors are required to comply with the Act. The definition of “goods” is not included in the legislation. The normal definition of a good would not include electricity. It is unclear whether, under the Act, the sale and distribution of electricity would be considered a sale of good or, rather, a service for the purpose of this legislation. We also note that the online guidance published by Public Safety Canada was updated to remove “seller” and “distributor” of goods; we believe that update makes sense because it removes a redundancy and an administrative burden that adds no value to overall compliance efforts. ERTH relies upon the producers and importers that supply it equipment who are already required to comply with the Act. This update to the guidance creates a mismatch with the legislation that ought to be corrected through an amendment to the legislation.

and actions described in this report, including the implementation of an environmental, social, governance (“ESG”) framework and the creation of a new Board committee 2023 focused on ethical supply chain practices and other ESG topics. In light of the Act coming into force in 2024, we have begun to more comprehensively review and revise our internal policies and practices related to our supply chains and fair employment practices with the goal of continually improving ERTH’s oversight and compliance efforts.

1) Structure, Activities and Supply Chain

a) Structure

ERTH Power and ERTH Corporation were both incorporated on July 7, 2000 under the *Business Corporation Act (Ontario)* pursuant to Section 142 of the *Electricity Act, 1998 (Ontario)*. As reflected in the corporate chart below, ERTH Corporation is the sole owner of ERTH Power, a regulated local distribution company delivering electricity to communities in southwestern Ontario. ERTH Corporation is a parent holding company owned by nine municipalities.



In addition to ERTH Power, ERTH Corporation also owns 100% of the shares of ERTH Limited, a wholly-owned non-regulated holding company that does not conduct business and is the sole owner of ERTH’s non-regulated affiliate companies, including:

- ERTH (Holdings) Inc., a provider of utility construction, back-office, metering, and electricity services to electric utilities and municipalities;
- ERTH Business Technologies, a provider of electronic business transaction and billing services to electric utilities and electricity retailers; and

- ERTH Community Power One L.P., an operator of renewable generation and electric vehicle charging assets.

These affiliate companies listed above are not qualifying facilities entities under the Act. Accordingly, the overview of the activities and supply chain in Sections 1b), 1c) and 3b) below relate to operations and supply chain of ERTH Power only. However, the information provided in the rest of the report (e.g. policies, due diligence processes, effectiveness) is applicable to all of the ERTH entities, including ERTH Power.

The ERTH entities reflected above employ 126 people. Most of this workforce is engaged directly via employment contracts or via collective bargaining agreements. Our employment contracts and workplace policies are regularly reviewed to ensure compliance with all governing legislation.

b) Activities

ERTH Power's mandate is to provide safe, reliable, efficient / cost effective delivery of electricity to the residents and businesses in our service territory, under a license issued by the Ontario Energy Board ("OEB"). ERTH Power is regulated by the OEB and adjustments to the ERTH Power's electricity distribution rates require OEB approval.

c) Supply Chains

The bulk electricity system in Ontario is composed of three main segments:

- 1) Generation: the production of electricity through the operation of facilities such as nuclear, hydro, natural gas, solar, or wind.
- 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 is operated and monitored, directing the flow of electricity, balancing the hundreds of supply resources with demand.

As an electricity distributor, ERTH Power'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, we invoice and receive 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 by ERTH Power) to the corresponding entities via the IESO.

2) Policies and Due Diligence Processes

a) Internal

Regardless of whether we are required to file under the Act, ERTH has committed to taking every reasonable precaution to ensure child labour and forced labour are eliminated from our supply chain. In 2023, before the Bill S-211 was passed, ERTH adopted a company-wide Sustainability Policy applying to all employees, officers, and directors that “describes how the products, services and operations within our group of companies and across our supply chain will be continually reviewed and improved, so that we can integrate environmental and social considerations into our everyday practices and make a positive contribution to society.” Those efforts are focused both internally and externally.

We comply with all applicable provincial and federal laws and regulations as a minimum standard. All employees acting on behalf of ERTH 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 Policies

- Sustainability Policy;
- Ethics and Business Conduct Policy;
- Workplace Violence and Harassment Policy & Programs;
- Health and Safety Policies;
- Disconnecting from Work Policy; and
- Purchasing Policy;
- Accessibilities Policies.

As reflected in the above policies, ERTH is committed to being a workplace that is trusted by employees, customers, and shareholders. We believe that good governance is the essential foundation of a respectful and inclusive corporate culture that earns trust from and builds value for our clients, employees, community, 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. We regularly review our internal policies to ensure that we maintain best practices for corporate culture, and that we are truly living the fundamental principals of diversity, inclusivity, and equity.

In 2023, the ERTH Board strengthened the above commitments by approving a comprehensive ESG reporting framework, which involved the creation of a new ESG Committee of the Board to provide oversight over ERTH’s ESG performance, including ethical supply chain practices. ERTH also adopted a company-wide Sustainability Policy in 2023 applying to all employees, officers, and directors which states that ERTH will:

- Comply with applicable law in all our operations.
- Protect human rights. We are a committed equal opportunity employer and will abide by all fair labour practices. We’ll ensure that our activities do not directly or indirectly violate human rights in our own or other country.
- Minimize our impact on our environment and maximize the effective use of resources.
- Comply with applicable legislation such as the Canadian Charter of Rights and Freedoms, the Ontario Human Rights Code.
- Provide a safe and healthy workplace.
- Support diversity and inclusion.
- Create healthy, collaborative and innovative work environments.
- Conduct audits, evaluations, and self-assessments of the implementation of this policy, while striving for continuous improvement of performance, monitoring and reporting.

Hiring Practices & Policies

- All open job opportunities are posted on a variety of website job boards, on our 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; and
- Employees are offered: sick leave, bereavement leave, pregnancy leave, parental leave, family medical leave, and are supported upon their return to the workplace as determined by the employee and their supervisor.

We have approximately 54% of employees 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 the ERTH 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

We are working to maintain an open and competitive purchasing environment. We have 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, with thresholds for tenders, receiving competitive bids, verbal, and written quotes, completing the purchase order process, and adhering to signing authorities.

We only work with suppliers and manufacturers that align with our key principles, behaviours, and core values. The current supplier contract generally includes provisions requiring suppliers to comply with applicable Canadian law, which prohibit the use of child labour or forced labour. Moving forward we will look on how to enhance our contracts to further underline our core policies and values to all third parties.

We are developing a comprehensive risk assessment and due diligence program in place for suppliers including confirmation that suppliers acknowledge acceptance of a Supplier Code of Conduct. We risk assess suppliers at the inception of the business relationship, track changes in their risk profiles on an ongoing basis and identify negative news related to our highest risk suppliers. If a supplier is flagged for human rights risk, they will be subject to enhanced due diligence.

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

a) Internal

Given ERTH's adherence to the laws of Ontario, as well as the policies and procedures in place for all employees, there is no forced labour or child labour within its employees. For the record, all of ERTH employees work and reside in Ontario, Canada.

b) External

We purchase finished products or electricity distribution equipment ("equipment") that is then used to assemble according to our engineered designs in order to provide the service of electricity to our customers. The design of 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) it is a necessary service where every resident and business have the right to connect to the electricity distribution system;

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 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. Therefore, production of equipment requires high quality which is achieved with high skill and training, which is not prone to forced labour or child labour.

According to the report *Ending child labour, forced labour and human trafficking in global supply chains*: International Labour Organization, Organization for Economic Co-operation and Development, International Organization for Migration and United Nations Children’s Fund, 2019:

- Child labour and forced labour are more prevalent in exported goods from Africa, Asia, Latin America and the Caribbean
- Child labour, forced labour and human trafficking can occur at any stage in a company supply chain, but the risk of these labour and human rights violations is often greatest in upstream production, such as the extraction of raw materials (page 9).

In 2023, we assessed approximately 80% of the equipment purchased as being produced in Canada, with an additional 15% being produced in North America, 2.5% in the EU, and the remaining 2.5% from anywhere in the rest of the world including South America and Asia. Please see Table 2 below entitled “Manufacturing Location of Distribution Equipment”.

Table 2: Manufacturing Location of Distribution Equipment

Equipment Description	Overall \$ Value %	Manufacturer	Manufacturing Location					
			Canada	USA	Mexico	EU	South America	Asia
CT, VT, Meters		#1				√		
		#2	√	√				
		#3						√
		#4				√		
Poles		#1	√					
Wire, Conductor, Cable		#1	√	√				
		#2	√	√		?	?	?
		#3	√	√		?	?	?
		#4						
Transformers		#1	√					
		#2	√					
Switchgear		#1	√	√				
		#2	√					
Switches, Fuses, hardware (arresters, insulators, elbows, etc)		#1	√	√	√		√	√
		#2	√					
		#3	√					
		#4	√					
		#5	√	√	√			
		#6	√	√	√	√		√
		#7				√		
Crossarms		#1		√				

Not listed under the heading of equipment is the computer hardware and equipment upon which all companies operating in Canada rely. The challenge presented by this supply is not unique to ERTH and requires a Canada-wide response. At present, the absence of North American made alternatives in the market make efforts around computer hardware difficult. ERTH will continue to work with our industry and Canadian companies more broadly on efforts to better ensure the elimination of child and forced labour in this supply.

4) Effectiveness of Steps to Prevent and Reduce Risks of Forced Labour and Child Labour

We have witnessed no evidence of forced labour or child labour in the ERTH supply chains to this point. Moreover, ERTH has a high level of confidence that, because of the sophisticated nature of equipment we rely upon and the location of the production of equipment, the supply presents a low risk for child and forced labour.

However, we are committed to working collaboratively with the suppliers with whom we do business, 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.

Beginning in 2024, we are committed to start developing a plan to address actions regarding forced labour and child labour. It will include:

Internally:

- An internal Supplier Code of Conduct outlining the standards and expectations to which we will hold all suppliers accountable;
- Updates to the Employee Code of Conduct, for reporting any situations faced or suspicions raised; and
- Developing awareness materials and training for employees.

Externally with First Tier Suppliers and Manufacturers:

- Engage for transparent information sharing on their due diligence activities, existing and planned, regarding their related policies, codes, and recruitment practices; and
- Review and revise supplier contracts, adding specific representations and warranties that they do not use child labour or forced labour, and that the supply partner is making efforts to ensure that child labour and forced labour do not exist in the many tiers of their supply chains.

5) Consultation and Governance Process

In preparing this report, we engaged with each of the reporting entities covered by this report, and with other entities we own or controls. We also consulted with key areas of our organization to prepare this report, including Procurement, Human Resources, Corporate Finance, and the Law Group. These teams operate across our enterprise, including across the subsidiaries to which this report applies. This consultation process has supported our enterprise-wide approach to modern slavery.

6) Approval

This statement was approved by the Boards of Directors for ERTH Power Corporation and ERTH Corporation on April 25, 2024.

7) Conclusion

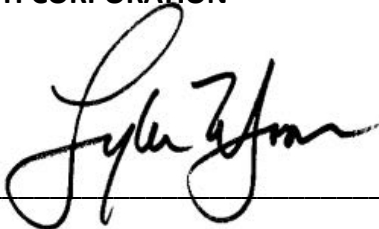
ERTH remains committed to preventing slavery and human trafficking from taking place in our businesses and in our supply chains. We will continue to review our policies, procedures, and practices periodically to determine any enhancements we can make to help prevent modern slavery and human trafficking.

8) 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 this report for the entities listed below. 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.

This report was signed in Ingersoll, Ontario on the 25th day of April, 2024.

ERTH CORPORATION



Tyler Moore, LL.B.
VP Energy & General Counsel

I have the authority to bind the Corporation.

ERTH POWER CORPORATION



Graig Pettit
Vice-President & GM

I have the authority to bind the Corporation.