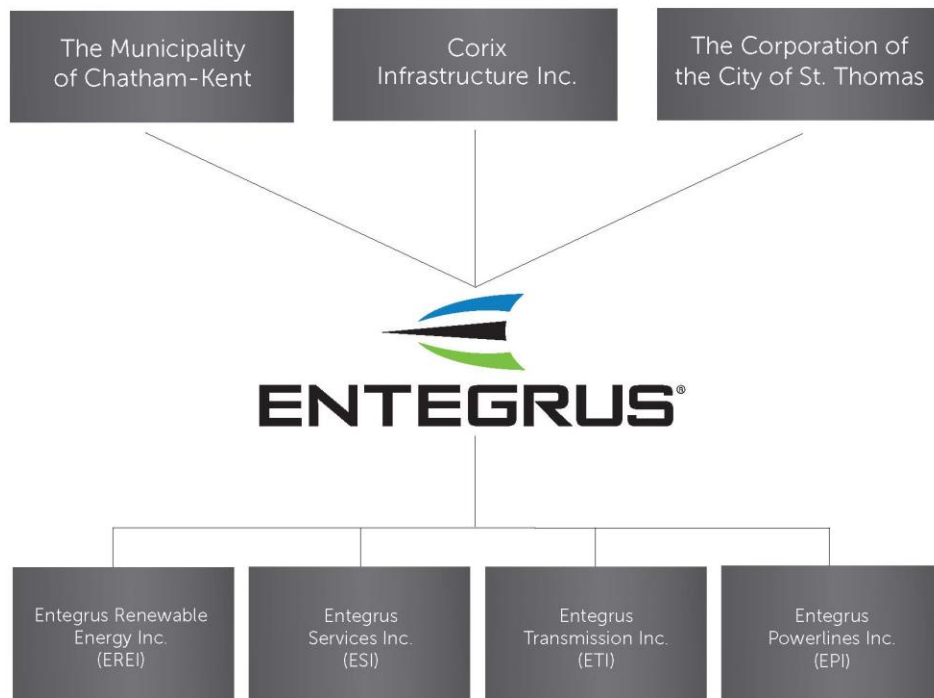


Report on Bill S-211 Fighting Against Forced Labour and Child Labour in Supply Chains Act

1) Structure

Legal & Corporate Structure & Employees

Entegrus Inc. (Entegrus) brings electricity, renewable energy, and water services to over 63,000 customers in southwestern Ontario, while keeping safety, reliability, and efficiency top of mind. Entegrus is owned by the Municipality of Chatham-Kent, the City of St. Thomas, and Corix Infrastructure Inc., and is made up of four divisions, each with a role in providing the best possible value and service for our customers. Entegrus employs approximately 130 people. Most of this workforce is engaged directly via employment contracts or via a Collective Bargaining agreement. Our employment contracts and workplace policies are regularly reviewed to ensure compliance with workplace laws.





Entegrus Powerlines Inc.

Entegrus Powerlines Inc. ("EPI") provides safe, sustainable, and reliable power to Entegrus customers in the communities of Chatham-Kent, St. Thomas, Strathroy-Caradoc, Mount Brydges, Parkhill, Dutton, and Newbury. The company provides billing services, meter reading, customer service support for billing and account questions, a 24/7 automated service to access account balance and payment history.

Entegrus Services Inc.

Entegrus Services Inc. ("ESI"), provides data hosting services through its LEED Gold-Certified Data Centre. ESI provides customized solutions to SMB's and large (public and private sector) clients that are scalable, secure, and reliable. Entegrus Services does not meet the criteria to be a reporting entity.

Entegrus Transmission Inc.

Entegrus Transmission Inc. ("ETI") is a company focused on the ownership of transmission assets and/or property in Southwestern Ontario. Entegrus Transmission Inc. does not meet the criteria to be a reporting entity.

Entegrus Renewable Energy Inc.

Entegrus Renewable Energy Inc. ("EREI") was incorporated to make investments in wind developments in southwestern Ontario on behalf of its shareholders. Entegrus Renewable Energy Inc. does not meet the criteria to be a reporting entity.

Activities

Entegrus' provides 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"). Entegrus is regulated by the OEB and adjustments to the Entegrus' electricity distribution rates require OEB approval.



VALUES

- Safety
- Inspired & Empowered People
- Customer & Community Focus
- Operational Excellence
- Sustainable Growth



VISION

To be an industry leader in all we do.



MISSION

To provide safe, reliable delivery of electricity and related services, in an environmentally and fiscally responsible manner. To provide exceptional service to our customers, support to the communities we serve, and rewarding growth opportunities to our employees.

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 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, Entegrus’ 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, Entegrus 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.

Depending on which stance you take on the definitions, and the thresholds for compliance of Bill S-211, Entegrus may or may not be deemed to comply. While Entegrus has a place of business in Canada, does business in Canada, and has assets in Canada, the compliance obligations for Bill S-211 are not clear. According to Entegrus’ financial statements, two of the three thresholds for compliance are satisfied. Though there are facts not explained in the financial statements that add complexity to our decision to comply.

The definition of a good, in the normal sense of the word, would not include the delivery of electricity. Effectively, the 2023 revenue earned from Entegrus’ system and delivery of electricity, is approximately 16% of Total Revenues, or CAD \$28.3 million of CAD \$175.8 million.

As the owner, constructor, and maintainer of the distribution system within its territory, Entegrus’ Total Assets is based on the infrastructure assets which have an operating life of between 30 and 50 years. In 2023, this totaled CAD \$235.4 million. However, the capital expenditures in 2023, which more closely reflects the purchase of new assets, totaled CAD \$14.4 million, or 6% of Total Assets.

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

2) Policies and Due Diligence Processes

Internal

Entegrus is 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 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.

Entegrus complies with all applicable provincial and federal laws and regulations as a minimum standard. All employees acting on behalf of Entegrus 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;

Respect in the Workplace Policy;

Health & Safety;

Diversity, Equity, and Inclusion Policy, referring to the Ontario Human Rights Code, and Canadian Human Right Act;

Discrimination and Harassment Policy;

Violence in the Workplace Policy;

Code of Business Ethics and Conduct; and

Accessibility (AODA) Policies.

Purchasing Policy

Hiring Practices & Policies

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

All open job opportunities are posted on a variety of website job boards, and on Entegrus' website, inviting candidates to apply;

Complying with provincial regulations, no one under the age of sixteen 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 to observe the religious holiday(s) of their faith; and

Employees are offered: sick leave, bereavement leave, pregnancy leave, parental leave, family medical leave.

Entegrus has approximately 75% of our employees are unionized via The International Brotherhood of Electrical Workers (IBEW) , providing the prompt and equitable resolution of employment related complaints, grievances and disputes, promoting co-operation and understanding between the Entegrus 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.

External

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

Working to maintain an open and competitive purchasing environment, Entegrus has 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.

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

External

Entegrus 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. Delivering 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 Entegrus’ 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 the equipment used by Entegrus in the electricity distribution system notes that, based on the 2023 spend of CAD \$14.4 million, approximately 100% is supplied from Canada or the United States of America.

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

Entegrus 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 manufactures, 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 Entegrus and used in the distribution system, the risk of forced labour and child labour being present in Entegrus' first and second tiers of the supply chain is low.

However, Entegrus is committed to collaborating 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.

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, and Entegrus Powerlines 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 Tomo Matesic

Title VP of Engineering and Operations

Date 15 May 2024

Signature 

“I have the authority to bind ‘Name of Entegrus.’”