



niagara
peninsula
energy inc.

Your
Local
Utility **ANNUAL REPORT**

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PURPOSE

This annual report for the 2023 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 Peninsula West Power Inc. and Niagara Falls Hydro Holding Corporation.

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, 10,600 transformers, and 4,600 circuit kilometres of line, which services approximately 58,000 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, Town of Pelham, and Township of West Lincoln. 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 2023

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 2023:

1. Conducting an internal assessment of risks of forced labour and/or child labour in the organization's activities and supply chains; and
2. Gathering information on worker recruitment and maintaining internal controls to ensure that all workers are recruited voluntarily.

The above steps were addressed by NPEI through the following measures:

- (a) As of Q4 2023, NPEI's Purchasing Evaluation Sub-Committee began meeting to discuss the requirements under the Act and to complete an internal assessment of the risks of forced labour and/or child labour in NPEI's activities and supply chains.
- (b) The maintenance of an Employee Recruitment & Selection Process Policy (the "**Recruitment Policy**"). Pursuant to the Recruitment Policy, all offers of employment are contingent upon employee verification, including satisfactory reference checks and police clearance certificates. Moreover, the Recruitment Policy includes a structure for job postings, interviews, and the selection process to help ensure the voluntary recruitment of workers.
- (c) A requirement for all contractors that perform work in the public realm to agree to a Master Services Agreement, which among other things, requires suppliers to comply with all applicable laws.
- (d) The maintenance of a Purchasing Policy, which among other things, permits NPEI's Purchasing Department representatives or departmental purchasing authorities to audit suppliers. The audit's purpose is to ensure that the supplier's manufacturing, quality, and health and safety practices satisfy NPEI's requirements. The Purchasing Policy also

requires all organizations who conduct business with NPEI to adhere to NPEI's employee code of conduct.

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 2023, 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 Recruitment Policy, Master Services Agreement, and Purchasing Policy.

FORCED LABOUR AND CHILD LABOUR RISKS

NPEI has started the process of identifying risks of forced labour and child labour. In the subsequent reporting year, NPEI will be engaging external support to help identify forced labour and child labour risks in its activities and supply chains.

REMEDATION MEASURES

NPEI has not identified any forced labour or child labour in its activities or supply chains. As such, it has not undertaken any remediation measures.

REMEDICATION OF LOSS OF INCOME

NPEI has not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in its activities and supply chains.

TRAINING PROVIDED TO EMPLOYEES

In 2023, NPEI did not provide training to its employees on forced labour or child labour. However, contractors and employees of NPEI were required to attend a health and safety orientation, which, among other things, addressed NPEI's health and safety program and expectations, internal responsibility system, workplace harassment policy and program, workplace violence policy and program, and confidential reporting of any violations of policies or applicable laws. In the subsequent reporting year, NPEI plans to implement additional training for all its employees on forced labour and child labour.

ASSESSING EFFECTIVENESS

NPEI does not currently have specific policies and procedures in place to assess its effectiveness in reducing and/or eliminating the risk of child labour and/or forced labour in its supply chain. However, as outlined above, there are a variety of policies and procedures in place that reduce the risk that child labour and/or forced labour is present in NPEI's activities and supply chain, including the aforementioned Recruitment Policy, Master Services Agreement, and Purchasing Policy.

APPROVAL AND 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 the entity listed above. 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.



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BILL S-211 ANNUAL REPORT

Fighting Against Forced Labour and Child Labour in Supply Chains Act, SC 2023, c 9 (the "Act").

Niagara Peninsula Energy Inc.'s Governance Committee attests that the information in the Bill S-211 Annual Report is true, accurate, and complete in all material respects for the purposes of the Act.

SIGNED

May 21, 2024
Date

NIAGARA PENINSULA ENERGY INC.

Per: [Signature]
Name: Jamie Palmer
Title: Chairperson Board of Directors

SIGNED

May 21, 2024
Date

NIAGARA PENINSULA ENERGY INC.

Per: [Signature]
Name: MIKE REHNER
Title: CHAIR, GOVERNANCE COMMITTEE