



111 Horton Street
P.O. Box 2700
London, ON N6A 4H6

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APRIL 23, 2024

Report on Bill S-211 Fighting Against Forced Labour and Child Labour in Supply Chains Act for 2023 Activities

1) Structure, Activities and Supply Chains

a) Structure

London Hydro Inc. (“Entity”) is a wholly owned subsidiary of the City of London, Ontario. London Hydro was incorporated on April 26, 2000 under the Business Corporations Act (Ontario) pursuant to Section 142 of the Electricity Act of the Province of Ontario, Canada.

London Hydro employs ~300 people. The wages and working conditions of our workforce are determined via employment contracts or via a Collective Bargaining agreement (for unionized workers). Employment contract templates and workplace policies are regularly reviewed to ensure compliance with relevant legislation and regulation.

b) Activities

London Hydro’s mandate is to provide a safe, reliable, efficient / cost effective electrical grid in our service territory, the City of London, ON under a license issued by the Ontario Energy Board (“OEB”). London Hydro is regulated by the Ontario Energy Board (“OEB”) and adjustments to the London Hydro’s electricity distribution rates require OEB approval. London Hydro imports a limited number of goods (less than 1% or approximately \$136,000 of total goods purchased annually of \$16.6M). These goods are solely used for the construction and maintenance of London Hydro’s assets, and these goods are not distributed to others. These goods are imported from Tier 1 suppliers in the United States and include electrical components and cables, instrument transformers, and manhole covers. All other goods are sourced from suppliers in Canada.



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c) Supply Chains

According to London Hydro's 2023 financial statements, all of the three thresholds for meeting the definition of an entity are satisfied.

- i. Effectively, the 2023 revenue earned from London Hydro's operations (distribution only), was approximately \$79.75M. Total revenue collected (including commodity, transmission, and miscellaneous charges remitted to others) was \$476M.
- ii. As the owner, constructor, and maintainer of the distribution system within its territory, London Hydro's Total Assets is based on the infrastructure assets which have an operating life of between 30 and 50 years. In 2023, this totaled CAD \$440M. However, the capital expenditures in 2023, which more closely reflects the purchase of new assets, totaled CAD \$45M, or 10.3% of Total Assets.
- iii. London Hydro employs approximately 300 employees.

Despite the lack of clarity on the threshold for the minimum value of imported goods required for the Act to apply, London Hydro has chosen to report.

2) Policies and Due Diligence Processes

a) Internal

London Hydro's strategy and operations are centred on core principles of corporate and social responsibility, respect, trust, and the highest standards of integrity, professional ethics and accountability. London Hydro adheres to all relevant provincial and federal laws and regulations as the baseline standard for its operations. Comprehensive governance oversight by the company's senior management team and Board of Directors, and in certain instances by external agencies, occurs through regular audits and policy reviews. Through the upholding of these principles and processes, and through our ongoing commitments to sustainability (environmental, social and governance (ESG)) and diversity, equity and inclusion, we ensure on an ongoing basis that neither forced labour nor child labour has occurred or will occur within our organization.



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London Hydro complies with all applicable provincial and federal laws and regulations, as listed below, as a minimum standard. All employees acting on behalf of London Hydro are expected to comply with this commitment and to all related corporate policies.

- Ontario Employment Standards Act 2000 (“ESA”);
- Ontario Labour Relations Act, 1995 (“OLRA”);
- Ontario Pay Equity Act, R.S.O. 1990;
- Accessibility for Ontarians with Disabilities Act; (“AODA”)
- Ontario Human Rights Code, R.S.O. 1990; and
- Occupational Health and Safety Act as amended, R.S.O. 1990 (“OHS”).

Hiring Practices & Policies

London Hydro is committed to ensuring ethical hiring practices, and following all relevant legislation during recruitment activities. Eligibility for employment, hours of work, salaries and wages, working conditions, leaves, accommodation, complaints, etc. are all administered in accordance with the OHS, ESA, Pay Equity Act, Ontario Human Rights Code, the AODA, OLRA, the collective agreement with the Power Workers’ Union (for unionized employees) or individual employment agreements, company policy, and any/all other relevant legislation or regulation. All of London Hydro’s job classifications require at minimum a high school education, and therefore it would be rare that we employ an individual under the age of twenty.

London Hydro’s *Ethical, Efficient and Orderly Operations* policy prescribes that all employees will consistently engage in ethical and conscientious behaviour, and also outlines reporting mechanisms where there is a concern that any employee has behaved in a dishonest, illegal, unethical or improper manner. Employees and Board members are encouraged to promptly disclose any actual or potential conflicts of interest they may encounter.

Links:

<https://www.londonhydro.com/about-us/about-london-hydro/strategic-plan>

<https://www.londonhydro.com/about-us/sustainability>



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b) External

London Hydro strives to only work with suppliers and manufacturers that align with our key principles, behaviours, and core values. The current supplier contract includes provisions requiring suppliers to comply with applicable Canadian laws.

Working to maintain an open and competitive purchasing environment, London Hydro 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

a) Internal

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

b) External

London Hydro purchases finished products or electricity distribution equipment (“equipment”) that it then uses to assemble according to its own engineered designs to build the electric grid. 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 the London Hydro’s 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.



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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 Cooperation 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 London Hydro in the electricity distribution system notes that, based on the 2023 spend of \$16.6M, 99.18% is supplied from Canada and the remaining 0.82% from United States of America Tier 1 Manufacturers or Distributors.

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

London Hydro 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 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 and high quality involved in manufacturing the equipment purchased by London Hydro to be used in the distribution system, the risk of forced labour and child labour being present in London Hydro's first and second tiers of the supply chain is low.

However, London Hydro is committed to working collaboratively with the suppliers we are in business with, along with industry stakeholders, to understand where risks are, and where change may be necessary. We are committed to amending our practices, if necessary, to combat forced labour and child labour. We recognise that forced labour and child labour is a real, yet concealed issue. We will not tolerate either forms of slavery in our business or supply chain.

5) 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 London Hydro 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.




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Full Name: Connie L. Graham
Title: Board Chair, London Hydro Inc.

Date: April 23, 2024

Signature: 

"I have the authority to bind 'London Hydro Inc.'"