

Fighting Against Forced Labour and Child Labour in Supply Chains Act

Fiscal 2024 Report

MAY 2024

 **BC Hydro**
Power smart



About this report

This is BC Hydro’s report on the steps taken during the financial year of April 1, 2023 to March 31, 2024, to prevent and reduce the risks of forced or child labour in our supply chains. It has been prepared in accordance with the Fighting Against Forced Labour and Child Labour in Supply Chains Act SC 2023, c 9 (the “Act”), and has been approved by our Board of Directors pursuant to section 11(4)(a) of the Act.¹ This report does not cover our wholly owned subsidiaries, including our two largest subsidiaries, Powerex Corp. and Powertech Labs Inc.

“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 or entities 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.”



Lori Wanamaker, Chair of the Board, BC Hydro
May 1, 2024

I have the authority to bind The British Columbia Hydro and Power Authority (“BC Hydro”).

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¹ Refer to Legal Advisory on page 5

About BC Hydro



GENERATION

30

integrated hydro
generating facilities

98%

of our electricity
is generated from
low-carbon or
renewable sources

TRANSMISSION AND DISTRIBUTION

~80,000 km

of transmission and
distribution lines

>300

substations

OUR CUSTOMERS

~5 million

people in our
service territory

>91%

of the province's population

The British Columbia Hydro and Power Authority (“**BC Hydro**”) is a Crown corporation established under the Hydro and Power Authority Act, RSBC 1996, c 212. BC Hydro is one of the largest electric utilities in Canada and is publicly owned by the people of British Columbia. As a provincial Crown Corporation, BC Hydro reports to the Provincial Government through the Minister of Energy, Mines and Low Carbon Innovation. BC Hydro has a Board of Directors who are appointed by the Lieutenant-Governor-in-Council and who supervise the management of the corporation.

BC Hydro’s mission is to safely provide our customers with reliable, affordable, clean electricity. We are a vertically integrated electric utility that generates, transmits, and distributes electricity across most of British Columbia to industrial, commercial and residential customers. BC Hydro’s vision is to create a cleaner, more sustainable future for all British Columbians.

As outlined in BC Hydro’s [Fiscal 2023 ESG Report](#), BC Hydro has a strong focus on environmental, social and governance practices. We have a long history of contributing to the growth and economic prosperity of British Columbia while working to reduce our environmental impacts and creating positive social impacts in the communities we operate in.

Our supply chain & understanding risks of child and forced labour

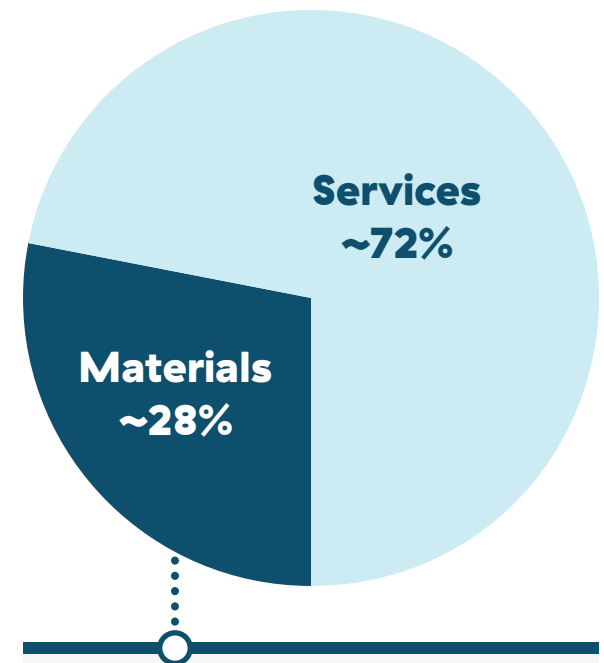
BC Hydro is committed to responsible procurement and takes social, environmental, and ethical considerations seriously in its supply chain processes and supplier expectations. We buy all the materials and equipment we need and rely on both employees and suppliers to provide the services required to operate our business.

Approximately 72% of our supply chain spending is on services, most of which are rendered in Canada and the United States. Examples of services include vegetation management, power line services, civil underground work, engineering services, security services, helicopter services, and construction. The remaining ~28% of spending is on materials and equipment, typically highly engineered products made by specialty personnel. Most materials and equipment are manufactured in or delivered to BC Hydro from Canada or the US, and ~99% of our contract spending is attributed to suppliers in these countries, while less than 1% is with suppliers in other jurisdictions. Some examples of materials and equipment we procure include poles, wires, electrical components, distribution transformers, generators, and turbines.

Overall, we consider the risk of forced or child labour in our direct supply chain to be low for two key reasons. Firstly, the majority of materials, equipment or services we procure require skilled labour; secondly, most of what we buy is produced or provided in countries with legal and regulatory protections that decrease the risk of forced or child labour. To the extent there are risks, we believe they arise primarily in relation to a few categories of goods that may be sourced from higher-risk jurisdictions through distributors, such as IT equipment and accessories, safety clothing, maintenance, repair and operations materials (e.g., gloves, consumables), and also when procuring specific one-off products from such jurisdictions.

What we buy

(percentage by spend)



Suppliers we buy materials directly from are located

(percentage by spend)

~94% Canada

~5% USA

<1% Internationally

Data source: fiscal 2023 contract spending

Our actions in fiscal 2024



BC Hydro upholds human rights and commits to fighting forced or child labour across supply chains. Given the increasing complexity of global supply networks and the challenges involved in accurately detecting and addressing all potential sources of forced and child labour, we understand that eradicating these issues is a complex task and risk mitigation is a journey.

In fiscal 2024, we initiated practices for proactively managing forced and child labour risks in our supply chain and focused on the following objectives: (i) understanding these risks in our supply chains; (ii) improving our due diligence by strengthening policies, updating contracts and processes and engaging with suppliers in higher-priority areas; (iii) getting a better understanding of forced and child labour through cross-functional work, research and industry engagement; and (iv) creating awareness among key stakeholders and procurement personnel.

We **assessed the risks of forced and child labour in our supply chains** by reviewing fiscal 2023 contract spending with direct suppliers and considering risk factors such as the category of specific materials (identifying goods produced in sectors with higher risks), country of operation or origin (identifying jurisdictions with higher risks), and supplier business model (focusing on multi-level models with third parties, where there is more limited visibility into practices across their supply chains). When all three risk factors applied to a contract, we considered it a higher priority and took follow-up actions to engage with select suppliers.

We **strengthened our policy statement**. Our policies and processes guide us to act with integrity as we procure goods and services to fulfill our role as a utility provider. We seek suppliers and contractors who align with our values and practices. **BC Hydro's Contractor Standards for Ethical Conduct**, which are part of our Procurement Policy and standard agreements with suppliers, were updated to confirm BC Hydro's zero-tolerance policy against human rights violations and to include express requirements for suppliers to comply with

applicable labour and employment laws, adopt responsible business practices and use reasonable efforts to ensure no forced labour or exploitation of children occurs throughout their supply chains.

We **enhanced our contracts and due diligence processes**. To set expectations with suppliers and screen for child and forced labour risks, we updated our procurement processes to require proponents for the supply of materials and goods to declare their adherence to applicable labour laws, responsible business practices and efforts against forced and child labour risks.

Our standard contract templates for the supply of goods were reviewed and updated to include supplier representations and warranties declaring that no forced labour and exploitation of children was used to supply goods, materials and/or equipment to BC Hydro and that responsible business practices are adopted to ensure that. We also added a requirement to notify BC Hydro of any suspected or actual instances of forced or child labour within the supply chain relevant to our contracts. These requirements now apply to all new contracts for the supply of goods.

Our actions in fiscal 2024

We **engaged suppliers** in the identified higher-priority areas to communicate BC Hydro's stance and expectations regarding forced and child labour and develop an understanding of the suppliers' policies, processes, and due diligence.

Specifically, we engaged four suppliers that distribute goods manufactured in the sectors and countries with higher risks of forced and child labour—namely, IT equipment, accessories and electronics, maintenance, repair and operations consumables, materials, electrical components, and safety clothing. This helped us better understand the maturity of our suppliers' practices in managing forced and child labour risks and where additional work with suppliers may be required in the future. The four suppliers also provided attestations confirming their adoption of responsible business practices and representing that to the best of their knowledge, none of the goods they supply to BC Hydro have been produced by means involving forced or child labour.

We **improved our understanding and knowledge of forced and child labour risks.**

We are committed to raising awareness within the company and externally of our approach to identifying and managing forced and child labour risks. We engaged with peer utilities, various companies in the ESG community of practice, subsidiaries, and key suppliers to discuss best practices and capabilities and exchange information.

A virtual learning session was delivered to select procurement personnel to discuss sustainable supply chain practices, child and forced labour risks and their role in managing such risks. Also, the procurement and contract professionals throughout BC Hydro were informed of the relevant updates to the sourcing process and contract templates. Moving forward, we will further advance our requirements and plans for organizational awareness and training on forced and child labour.

To date, BC Hydro is not aware of any suspected or actual instances of forced labour or child labour in our supply chain, and as such, neither remediation measures nor remediation of loss of income has been required. Should any such instance come to light, BC Hydro is committed to promptly and thoroughly investigating and taking necessary remedial action.

We began to take steps to monitor the implementation and effectiveness of our measures and will continue to review our policies, processes and risk mitigation approach. While considerable progress has been made, we understand that our work to enhance practices for identifying and managing forced and child labour risks is ongoing. We will continue exploring opportunities to evolve our risk assessment, expand and strengthen due diligence, advance training and engage with suppliers and industry peers as best practices in preventing forced and child labour evolve.

Legal Advisory

BC Hydro is filing this report because we support the Act's goals of preventing and reducing the risk of forced or child labour in supply chains. We note Public Safety Canada's position that the Act applies to provincial government institutions such as provincial Crown corporations, a position that is untested and may be subject to challenge. By filing this report, BC Hydro is not conceding that the Act applies to it, nor is BC Hydro conceding that the federal government has jurisdiction over BC Hydro or any provincial agencies or corporations respecting any of the matters addressed by the Act. This filing is without prejudice to any legal rights, defences, powers, rights, immunities, or exemptions that BC Hydro may have under any law. This filing does not set a precedent for this or any other similar matter in the future, and we reserve the right to decline to file future reports.

