

Subject: Hydro Ottawa Holding Inc. – 2022 Annual Report

File Number: ACS2023-OCC-HOH-0001A

**Report to the Shareholder of Hydro Ottawa Holding Inc. and Council on
October 25, 2023**

Submitted on October 18, 2023

**Submitted by Bryce Conrad, President and Chief Executive Officer,
Hydro Ottawa Holding Inc.**

**Contact Person: Bryce Conrad, President and Chief Executive Officer,
Hydro Ottawa Holding Inc.**

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Ward: City Wide

Objet : Société de portefeuille d'Hydro Ottawa inc. – Rapport annuel 2022

Numéro de dossier : ACS2023-OCC-HOH-0001A

**Rapport à l'actionnaire de la Société de portefeuille d'Hydro Ottawa inc.
et au Conseil le 25 octobre 2023**

**Soumis le 18 octobre 2023 par Bryce Conrad, Président et chef de la direction de
la Société de portefeuille d'Hydro Ottawa inc.**

**Personne ressource : Bryce Conrad, Président et chef de la direction de la
Société de portefeuille d'Hydro Ottawa inc.**

613 738-5499, poste 3933 – BryceConrad@hydroottawa.com

Quartier : À l'échelle de la Ville

REPORT RECOMMENDATIONS

That Council:

- 1. Receive the Audited Consolidated Financial Statements of Hydro Ottawa Holding Inc. for the year ended December 31, 2022 as set out in the Annual Report at Document 1 (issued separately and on file with the City Clerk);**
- 2. Appoint KPMG LLP as the auditor for Hydro Ottawa Holding Inc. for the year ending December 31, 2023;**
- 3. Approve the recommendation of the Nominating Committee of the Board of Directors of Hydro Ottawa Holding Inc., specifically, that Council**
 - a. appoint the persons identified at Document 2 (immediately follows the report) to serve as members of the Board of Hydro Ottawa Holding Inc. and Hydro Ottawa Limited for the corresponding terms as specified;**
 - b. request that the Hydro Ottawa Holding Inc. Board of Directors elect Bernie Ashe as Chair of the Boards of Hydro Ottawa Holding Inc. and Hydro Ottawa Limited; and**
- 4. Authorize the Mayor and the City Clerk to sign a written resolution on behalf of the City of Ottawa as shareholder of Hydro Ottawa Holding Inc. setting out the resolutions approved by City Council.**

RECOMMANDATIONS DU RAPPORT

Que le Conseil municipal :

- 1. Reçoive les états financiers consolidés audités de la Société de portefeuille d'Hydro Ottawa inc. pour l'exercice clos le 31 décembre 2022, qui sont présentés dans son Rapport annuel, soit le document n° 1 (publié séparément et déposé auprès du greffier municipal);**
- 2. Nomme KPMG s.r.l. / S.E.N.C.R.L. comme auditeur de la Société de portefeuille d'Hydro Ottawa inc. pour l'exercice qui prendra fin le 31 décembre 2023;**
- 3. Approuve la recommandation formulée par le Comité de nomination des membres du conseil d'administration de la Société de portefeuille d'Hydro Ottawa inc., plus précisément que le Conseil municipal:**

- a. **nomme les personnes mentionnées dans le document n° 2 (ci-joint), afin qu'elles siègent aux conseils d'administration respectifs de la Société de portefeuille d'Hydro Ottawa inc. et d'Hydro Ottawa limitée pour un mandat de la durée précisée;**
 - b. **demande que le conseil d'administration de la Société de portefeuille d'Hydro Ottawa inc. élise Bernie Ashe comme président des conseils d'administration respectifs de la Société de portefeuille d'Hydro Ottawa inc. et d'Hydro Ottawa limitée; et**
- 4. Autorise le maire et le greffier municipal à signer au nom de la Ville d'Ottawa, en sa qualité d'actionnaire de la Société de portefeuille d'Hydro Ottawa inc., une résolution écrite énonçant les résolutions approuvées par le Conseil municipal.**

EXECUTIVE SUMMARY

Assumption and Analysis

Hydro Ottawa Holding Inc. (HOHI or Hydro Ottawa) was created as a result of the *Electricity Act, 1998* (Ontario), which required all hydro utilities to operate as business corporations. Under this structure, Hydro Ottawa Holding Inc. is a for-profit company that continues to be wholly owned by the City of Ottawa, and is governed by an independent Board of Directors appointed by its shareholder.

Recommendation 1

Receive the Financial Statements

Under the Ontario *Business Corporations Act* and the terms of the Shareholder Declaration issued by the City of Ottawa, Hydro Ottawa is required to place before its shareholder, the City of Ottawa, annual financial statements relating to the corporation. Council is requested to receive the Audited Consolidated Financial Statements of Hydro Ottawa Holding Inc. for the year ended December 31, 2022 as set out in the Annual Report at Document 1.

Recommendation 2

Appoint an Auditor for the Corporation

Pursuant to Section 149 of the Ontario *Business Corporations Act*, the shareholder is also required to appoint an auditor for the corporation. Council is requested to appoint KPMG LLP as the auditor of Hydro Ottawa Holding Inc. for the year ending December 31, 2023.

Recommendation 3

Appoint Board Directors

The Shareholder Declaration for Hydro Ottawa Holding Inc. (HOHI) requires that members of the Boards of Directors for HOHI be appointed by the City of Ottawa. Council is requested to appoint the persons identified at Document 2 to serve on the HOHI Board for the corresponding terms as specified.

Recommendation 4

Authorize the Mayor and the City Clerk to sign a Written Resolution

To satisfy the requirements of the Ontario *Business Corporations Act* and the terms of the Shareholder Declaration issued by the City of Ottawa, where an annual general meeting of the shareholder is not held, a written, signed resolution of the shareholder is necessary to approve all matters required to be dealt with at the annual general meeting. Council is requested to authorize the Mayor and the City Clerk to sign a written resolution on behalf of the City of Ottawa as shareholder of Hydro Ottawa Holding Inc. setting out the resolutions approved by City Council.

Financial Implications

Recommendation 1

In accordance with the Council-approved dividend policy, Hydro Ottawa will deliver a dividend of \$20 million to the City of Ottawa in 2023 (based on 2022 results), bringing cumulative dividends paid to \$348.7 million since 2005.

Public Consultation / Input

Notice of this meeting will be posted on the City's website as per Section 36 of the City's Procedure By-law.

SOMMAIRE

Hypothèse et analyse

La Société de portefeuille d'Hydro Ottawa inc. (« Hydro Ottawa ») a été créée à la suite de l'adoption de la *Loi de 1998 sur l'électricité* de l'Ontario, qui obligeait toutes les compagnies d'électricité à exercer leurs activités en tant que sociétés par actions. Selon cette structure, la Société de portefeuille d'Hydro Ottawa inc. est une entreprise à but lucratif demeurant la propriété exclusive de la Ville d'Ottawa et elle est régie par un conseil d'administration indépendant dont les membres sont nommés par son actionnaire.

Recommandation n° 1

Recevoir les états financiers

En vertu de la *Loi sur les sociétés par actions* de l'Ontario et de la *Déclaration de l'actionnaire* émise par la Ville d'Ottawa, Hydro Ottawa doit présenter à son actionnaire, la Ville d'Ottawa, ses états financiers annuels. Le Conseil municipal est prié de recevoir les états financiers consolidés audités de la Société de portefeuille d'Hydro Ottawa inc. pour l'exercice clos le 31 décembre 2022 présentés dans son Rapport annuel, soit le document n° 1.

Recommandation n° 2

Nommer un auditeur pour la Société

En vertu de l'article 149 de la *Loi sur les sociétés par actions* de l'Ontario, l'actionnaire est également tenu de nommer un auditeur pour la Société. Le Conseil municipal est prié de nommer KPMG s.r.l. / S.E.N.C.R.L. comme auditeur de la Société de portefeuille d'Hydro Ottawa inc. pour l'exercice qui prendra fin le 31 décembre 2023.

Recommandation n° 3

Nommer les membres du conseil d'administration

En vertu de la *Déclaration de l'actionnaire* pour la Société de portefeuille d'Hydro Ottawa inc. (« Hydro Ottawa »), les membres du conseil d'administration d'Hydro Ottawa doivent être nommés par la Ville d'Ottawa. Le Conseil municipal est prié de nommer les personnes mentionnées dans le document n° 2 afin qu'elles siègent au conseil d'administration d'Hydro Ottawa pour un mandat de la durée précisée.

Recommandation n° 4

Autoriser le maire et le greffier municipal à signer une déclaration écrite

Pour satisfaire aux exigences de la *Loi sur les sociétés par actions* de l'Ontario et de la *Déclaration de l'actionnaire* émise par la Ville d'Ottawa, si l'actionnaire ne tient aucune assemblée générale annuelle, une résolution écrite de l'actionnaire dûment signée est nécessaire pour approuver toutes les questions devant être traitées dans le cadre de ce type d'assemblée. Le Conseil municipal est prié d'autoriser le maire et le greffier municipal à signer au nom de la Ville d'Ottawa en sa qualité d'actionnaire de la Société de portefeuille d'Hydro Ottawa inc., une résolution écrite énonçant les résolutions approuvées par le Conseil municipal.

Incidence financière

Recommandation n° 1

Conformément à la politique sur les dividendes approuvée par le Conseil municipal, Hydro Ottawa versera à la Ville d'Ottawa des dividendes de 20 millions de dollars en 2023 (en fonction des résultats de 2022). Ce montant porte à 348,7 millions les dividendes cumulatifs versés depuis 2005.

Consultation publique – rétroaction

L'avis de convocation à cette assemblée sera affiché sur le site Web de la Ville conformément à l'article 36 du Règlement de procédure de la Ville.

BACKGROUND

Hydro Ottawa Holding Inc. was created as a result of the *Electricity Act, 1998* (Ontario), which required all hydro utilities to operate as business corporations. Under this structure, Hydro Ottawa Holding Inc. is a for-profit company that continues to be wholly owned by the City of Ottawa, and is governed by an independent Board of Directors appointed by its shareholder.

DISCUSSION

Recommendation 1

Receive the Financial Statements

Under the Ontario *Business Corporations Act* and the terms of the Shareholder Declaration issued by the City of Ottawa, Hydro Ottawa Holding Inc. is required to place

before its shareholder, the City of Ottawa, annual financial statements relating to the corporation.

The 2022 audited financial statements consolidate financial information relating to Hydro Ottawa Holding Inc. and its subsidiaries. These financial statements were approved by the Board of Directors of Hydro Ottawa Holding Inc. at its meeting on April 20, 2023. KPMG LLP (KPMG), the corporation's independent external auditor, has provided an unqualified opinion on the corporation's consolidated financial statements. KPMG's opinion states "*the accompanying financial statements present fairly, in all material respects, the consolidated financial position of [Hydro Ottawa Holding Inc.] as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.*"

2022 marked the second year of performance under Hydro Ottawa's 2021-2025 Strategic Direction. Following two difficult years caused by COVID-19, 2022 featured its own set of challenges which significantly impacted Hydro Ottawa's financial performance – in particular, the May 21st derecho and a 400 basis point increase in interest rates. Overall, the impact to net income from the derecho recovery was approximately \$6 million (total storm-related costs were \$24 million), while the impact from the rise in interest rates was nearly \$4 million. The interest rate impact was lessened as a result of the company's short-term financing program.

With respect to key financial metrics for 2022, our consolidated net income was \$39.7 million, which fell short of our Strategic Direction target of \$49 million, primarily due to the impacts discussed above. We delivered a consolidated return on equity of 7.7 per cent and in accordance with the Council-approved dividend policy, our 2022 performance will yield a \$20 million dividend to our shareholder, the City of Ottawa. This will bring cumulative dividends paid to approximately \$350 million since 2005.

Among the major highlights from 2022 were the following: ongoing partnerships in numerous green energy and carbon reduction projects with community-wide benefits; energization of our newest and biggest municipal transformer station; the acquisition of two hydroelectric facilities; and the launch of a new telecommunications affiliate.

Details on Hydro Ottawa's financial results and business achievements in 2022 are documented in the corporation's Annual Report, which has been issued as Document 1 to this submission.

Recommendation 2

Appoint an Auditor for the Corporation

Pursuant to Section 149 of the Ontario *Business Corporations Act*, the shareholder is required to appoint an auditor for the corporation.

In keeping with good governance practices, a request for proposals (RFP) for external audit services for Hydro Ottawa Holding Inc. and all wholly-owned subsidiaries was issued in 2015 for 2016 to 2018 audit engagements. Following a three-stage evaluation process overseen by a Selection Committee headed by the Chair of the Audit Committee, the firm of KPMG LLP was recommended to and endorsed by the Board of HOHI for a three-year engagement (including two additional one-year options), commencing with the 2016 year-end.

The completion of the external audit of the financial statements for the year ended December 31, 2020 marked the expiration of Hydro Ottawa's original agreement with KPMG LLP. The Board and management continued to be satisfied with the firm's expertise and service quality, and in light of the uncertainty and conditions in the economy due to the COVID-19 pandemic, believed that continuity was important, especially if remote auditing were to remain a necessity.

Accordingly, in 2021 the Board of HOHI extended the engagement of KPMG LLP as auditor for Hydro Ottawa Holding Inc. and all wholly-owned subsidiaries for an additional three-year term that would commence on July 1, 2021 and terminate on June 30, 2024. Under this extended agreement, the appointment of the auditor in a given year of the three-year term remains subject to Council approval.

Council is therefore now being requested to approve the third year of the extended engagement appointing KPMG LLP as the auditor of Hydro Ottawa Holding Inc. for the year ending December 31, 2023.

Recommendation 3

The Shareholder Declaration for Hydro Ottawa Holding Inc. (HOHI) requires that members of the Boards of Directors for HOHI be appointed by the City of Ottawa. The City considers candidates recommended by the Nominating Committee of the HOHI Board, but is not obliged to select these candidates.

Current Board Vacancies

The term of four directors of the HOHI Board are expiring on October 25, 2023 (see Document 3 for current members of the Boards).¹ The term of the current chair of both the HOHI Board and the Hydro Ottawa Limited (HOL) Board (Jim Durrell, C.M., ICD.D) is among those expiring appointments. These members have served effectively on the Boards of Directors and have contributed to the continued success of the company. Three of the HOHI Board directors are not eligible for reappointment given the Council-approved “two consecutive term” limit established in 2014. The other HOHI Board director has only served one term and has expressed an interest in continuing to serve for another term.

Nominating Committee Recommendation 3a – Appointment of Directors

As per the selection process set out in the Shareholder Declaration for HOHI, the Nominating Committee of the Board of HOHI has reviewed the Board competency profile and the gaps that the term expirations would create in terms of breadth and depth of experience, knowledge and expertise, and has identified and evaluated potential candidates for appointment as directors to the Boards of HOHI and HOL. At this time, the Nominating Committee is recommending the appointment of a total of four candidates, four to the HOHI Board and one to the HOL Board, for terms as set out in Document 2. The profiles of the recommended candidates are on file with the City Clerk for consultation by the Mayor and Members of Council. Updated profiles of all current members of both the HOHI and HOL Boards are posted on the HOHI and HOL websites at <https://powerasone.ca/> and hydroottawa.com, respectively.

Nominating Committee Recommendation 3b – Request for Election of the Chair of the Boards

As indicated above, the appointment of the current Chair of the Boards of Hydro Ottawa Holding Inc. (HOHI) and Hydro Ottawa Limited (HOL) will also expire on October 25, 2023.

Although City Council has not, by shareholder declaration, assumed the authority to appoint the Chair, it may recommend or request that the HOHI Board appoint a

¹ The terms for these four Board directors were originally scheduled to expire on June 30, 2023. However, at its meeting on June 28, 2023, City Council passed a motion which (i) deferred the Annual General Meeting for HOHI until September 13, 2023; and (ii) extended the expiration date for the terms of these directors to coincide with the revised date of the Annual General Meeting. A motion with similar provisions was subsequently passed at the September 13 meeting of City Council, with October 25, 2023 established as the new date for the Annual General Meeting and the expiration of the applicable Board directors' terms.

particular individual as Chair (shareholder declaration and organizing by-law provisions relating to the appointment of Chairs to the HOHI and HOL Boards are summarized below).

At this time, the Nominating Committee is recommending that City Council request that the HOHI Board elect Bernie Ashe as Chair of both the HOHI and HOL Boards for a four-year term effective October 26, 2023.

Bernie Ashe was appointed to the HOHI Board effective July 1, 2022. He has enjoyed a successful career as a key community builder, contributing to Ottawa's economic growth and making the city a better place to live and work. In 2015, Mr. Ashe was named the CEO of the Year by the Ottawa Chamber of Commerce, and in 2018, he received the Order of Ottawa. Mr. Ashe is currently Executive Chairman and shareholder of Deslaurier Custom Cabinets, one of Ottawa's leading suppliers of custom kitchens.

In his role as Executive Vice-President and Chief Operating Officer of the Ottawa Senators Hockey Club (1990-97), Mr. Ashe helped establish the business of hockey and build the Canadian Tire Centre. As the first CEO of the Ottawa Sports and Entertainment Group (OSEG), from 2013 to 2018, he was instrumental in the development of Lansdowne Park as a destination and in launching major sports franchises.

Mr. Ashe helped launch the OSEG Foundation and raise over \$2 million dollars to enable youth from all backgrounds to participate in team sports. He launched the Bernie Ashe Sports Fund, which provides children in care with the Children's Aid Society a chance to participate in organized sport. He remains a member of the OSEG Foundation Community Cabinet.

A long-serving trustee (1993-2004) and former Chairman of the Board of the Children's Hospital of Eastern Ontario (2000-02), Mr. Ashe also served on the Board of the Shaw Centre and the Board of Celebrations Ottawa, the organization planning Ottawa-based events for Canada's 150th anniversary. He was a member of the Mayor's Leadership Table on Homelessness and acted as a mentor to future leaders as CEO-in-Residence of the University of Ottawa's Telfer School of Business. He also served as a member of the Board of Directors of the Ottawa Film Office (2018-2022), which advocates for film and animation production in Ottawa.

Provisions relating to the appointment of Chairs to the HOHI and HOL Boards

The Shareholder Declarations for HOHI (as amended by City Council) and HOL (as amended by the HOHI Board), and the organizing by-law for HOHI (as amended by the HOHI Board) include the following provisions in relation to the appointment of the Chairs for both boards:

- i. HOHI Chair to be External – there is a requirement for the Chair of HOHI to be external, i.e. not a member of City Council or an employee of the City and not otherwise an officer or employee of HOHI or its affiliates;
- ii. HOL Chair must be member of HOHI Board – the Chair of HOL can only be selected from the members of the Board of HOL who also serve on the Board of HOHI (this was done to ensure consistency of direction between the parent company and its subsidiary);
- iii. HOHI Chair is also a member of the HOL Board – the Chair of HOHI serves as a member of the HOL Board;
- iv. HOHI Board appoints HOHI Chair – the Chair of HOHI is appointed by the HOHI Board (this is consistent with good governance practices that recognize that the Chair needs to have the support of the Board of Directors);
- v. HOHI Board also appoints HOL Chair – to ensure consistency of direction between the parent company and its subsidiary, the HOHI Board also appoints the Chair of HOL;
- vi. HOHI and HOL Chairs need not be the same person – there is no requirement that the Chair of both HOHI and HOL Boards be the same individual;
- vii. Four-year term of office for HOHI and HOL Chairs – the term of office for the Chair of both HOHI and HOL is four years; and
- viii. City Council may recommend / request Chair – although City Council has not, by shareholder declaration, assumed the authority to appoint the Chair, it may recommend or request that the HOHI Board appoint a particular individual as Chair.

Composition of the Nominating Committee

The Nominating Committee of HOHI is comprised of the Board Chair, Jim Durrell, C.M., ICD.D, the Mayor, Mark Sutcliffe, and the two members of the Council of the City of Ottawa who are directors of the Board of HOHI (Councillors Cathy Curry and Laura Dudas). The terms of reference for the Nominating Committee can be found in the charter attached at Document 4.

HOHI Shareholder Declaration Criteria and Process for Selection of Directors

In arriving at its recommendation, the Nominating Committee gave due regard to the requirements for the composition of the HOHI Board of Directors, the selection criteria set out in the Shareholder Declaration (attached at Document 5), as well as recruiting priorities identified through a board profile review conducted late last year to assess current board capacity versus the current and future governance needs of the corporation consistent with its strategic objectives.

Recommendation 4

Authorize the Mayor and City Clerk to Sign a Written Resolution

To satisfy the requirements of the Ontario *Business Corporations Act* and the terms of the Shareholder Declaration issued by the City of Ottawa, where an annual general meeting of the shareholder is not held, a written, signed resolution of the shareholder is necessary to approve all matters required to be dealt with at the annual general meeting. Council is requested to authorize the Mayor and the City Clerk to sign a written resolution on behalf of the City of Ottawa as shareholder of Hydro Ottawa Holding Inc. setting out the resolutions approved by the City Council.

FINANCIAL IMPLICATIONS

Recommendation 1

In accordance with the Council-approved dividend policy, Hydro Ottawa will deliver a dividend of \$20 million to the City of Ottawa in 2023 (based on 2022 results).

LEGAL IMPLICATIONS

There are no legal impediments to implementing the recommendations of this report.

COMMENTS BY THE WARD COUNCILLOR(S)

This item is city-wide.

ADVISORY COMMITTEE(S) COMMENTS

This section is not applicable to this report.

CONSULTATION

Notice of this meeting will be posted on the City's website as per Section 77 of the City's Procedure By-law.

ACCESSIBILITY IMPACTS

This section is not applicable to this report.

ASSET MANAGEMENT IMPLICATIONS

This section is not applicable to this report.

CLIMATE IMPLICATIONS

This section is not applicable to this report.

DELEGATION OF AUTHORITY IMPLICATIONS

This section is not applicable to this report.

ECONOMIC IMPLICATIONS

This section is not applicable to this report.

ENVIRONMENTAL IMPLICATIONS

This section is not applicable to this report.

INDIGENOUS, GENDER AND EQUITY IMPLICATIONS

This section is not applicable to this report.

RISK MANAGEMENT IMPLICATIONS

This section is not applicable to this report.

RURAL IMPLICATIONS

This section is not applicable to this report.

TECHNOLOGY IMPLICATIONS

This section is not applicable to this report.

TERM OF COUNCIL PRIORITIES

This section is not applicable to this report.

SUPPORTING DOCUMENTATION

Document 1: 2022 Annual Report (including Audited Consolidated Financial Statements) of Hydro Ottawa Holding Inc. (issued separately and on file with the City Clerk)

Document 2: Recommended Appointments to the Hydro Ottawa Holding Inc. Board of Directors and Corresponding Terms (immediately follows the report)

Document 3: Current Members of the Boards of Directors (immediately follows the report)

Document 4: Nominating Committee Charter (immediately follows the report)

Document 5: HOHI Shareholder Declaration Criteria for Selection of Directors (immediately follows the report)

DISPOSITION

The City Clerk to advise Hydro Ottawa Holding Inc. of the outcome of the City Council meeting.

Document 1

2022 Annual Report (including Audited Consolidated Financial Statements)
of Hydro Ottawa Holding Inc.

Issued separately

Document 2

Recommended Appointments and Reappointments to the
Hydro Ottawa Holding Inc. and Hydro Ottawa Limited Boards of Directors and
Corresponding Terms

Name	Board	Term	Effective Date	End of Term
Bernie Ashe	Hydro Ottawa Holding Inc. and Hydro Ottawa Limited	Appointment for 4 years if elected Chair of the Boards of Hydro Ottawa Holding Inc. and Hydro Ottawa Limited	October 26, 2023	June 30, 2027
Paul McCarney	Hydro Ottawa Holding Inc.	Reappointment for 3 years	October 26, 2023	June 30, 2026
Madeleine Meilleur	Hydro Ottawa Holding Inc.	Appointment for 3 years	October 26, 2023	June 30, 2026
Lynn Norton	Hydro Ottawa Holding Inc.	Appointment for 3 years	October 26, 2023	June 30, 2026
Rumina Velshi	Hydro Ottawa Holding Inc.	Appointment for 3 years	October 26, 2023	June 30, 2026

Document 3Current Members of the Boards of DirectorsHydro Ottawa Holding Inc.

Name	Member of the Board Since	End of Term
Bernie Ashe	July 1, 2022	June 30, 2025
Yaprak Baltacioglu	July 1, 2018	October 25, 2023*
Kim Butler	July 1, 2018	June 30, 2024
Catherine Clark	July 1, 2022	June 30, 2025
Bryce Conrad	August 15, 2011	Ex officio
Councillor Cathy Curry	December 8, 2021	November 30, 2026 (serves while in office)
Matt Davies	July 1, 2018	June 30, 2024
Councillor Laura Dudas	December 14, 2022	November 30, 2026 (serves while in office)
Jim Durrell, C.M., ICD.D	July 1, 2012 Chair since July 1, 2013	October 25, 2023*
Jacqueline Gauthier	July 1, 2020	June 30, 2025
Cyril Leeder	July 1, 2017	October 25, 2023*
Paul McCarney	July 1, 2020	October 25, 2023*
Cyrus Reporter	July 1, 2021	June 30, 2024

* As noted above on page 9 of this Report, the terms for these four Board directors were originally scheduled to expire on June 30, 2023. However, at its meeting on June 28, 2023, City Council passed a motion which (i) deferred the Annual General Meeting for HOHI until September 13, 2023; and (ii) extended the expiration date for the terms of these directors to coincide with the revised date of the Annual General Meeting. A motion with similar provisions was subsequently passed at the September 13 meeting of City Council, with October 25, 2023 established as the new date for the Annual General Meeting and the expiration of the applicable Board directors' terms.

Hydro Ottawa Limited

Name	Member of the Board Since	End of Term
Bryce Conrad	August 15, 2011	Ex officio
Jim Durrell, C.M., ICD.D	July 1, 2012 Chair since July 1, 2013	October 25, 2023*
Guillaume Paradis	June 1, 2019	Serves while in position

* See explanatory footnote above.

Document 4

HYDRO OTTAWA HOLDING INC.

Nominating Committee Charter

1. Definitions

In this Charter the following terms will have the meanings set forth below:

“**Board**” means the board of directors of Hydro Ottawa Holding Inc.;

“**Charter**” means this Charter of the Nominating Committee of the board of directors of Hydro Ottawa Holding Inc. in its current version or as the same may from time to time be amended or replaced;

“**Committee**” means the Nominating Committee of the Hydro Ottawa Holding Inc. Board of Directors;

“**Corporation**” means Hydro Ottawa Holding Inc., a corporation existing under the Ontario *Business Corporations Act*;

“**Director(s)**” means a member of the board of directors of Hydro Ottawa Holding Inc.;

“**GMRC**” means the Governance and Management Resources Committee of the board of directors of Hydro Ottawa Holding Inc.;

“**Management**” means the President and Chief Executive Officer of Hydro Ottawa Holding Inc. and those reporting directly to the President and Chief Executive Officer of Hydro Ottawa Holding Inc., in addition to employees of Hydro Ottawa Holding Inc. in a supervisor, manager, and director level role;

“**Shareholder**” means the City of Ottawa; and

“**Shareholder Declaration**” means the unanimous shareholder agreement between Hydro Ottawa Holding Inc. and the City of Ottawa as now enacted or as the same may from time to time be amended or replaced.

2. Composition

- a) The Committee is a Board committee which shall be comprised of up to 4 members of which:
 - i. one (1) shall be the Mayor of the City of Ottawa;

- ii. one (1) shall be the Board Chair as an *ex officio* voting member; and
- iii. the remainder shall be the Directors that are also members of the Council of the City of Ottawa.

b) The following skill set is encouraged in the selection of Committee members:

- i. previous board experience;
- ii. familiarity with the legal and regulatory requirements of directorships and executive human resources management;
- iii. previous experience in the recruitment, selection, motivation, evaluation and leadership of directors and senior executives; and
- iv. excellent interpersonal and conflict resolution skills.

It is not necessary for any one member of the Committee to possess all of the skill set items. However, it is preferable that each skill set item (and parts thereof) be present in the Committee's composition.

c) The Chair of the Committee shall be the Chair of the Board.

3. Terms of Reference

- a) The purpose of the Committee is to identify and evaluate potential candidates for appointment as Directors to the Board.
- b) The Committee shall make recommendations to the Shareholder regarding the appointment of candidates as Directors.
- c) For the purpose of carrying out items (a) and (b) in this section, the Committee shall:
 - i. review with the Board, or the GMRC, the selection criteria for the appointment of directors to the Board and any suggested changes to the selection criteria set out in the Shareholder Declaration;
 - ii. receive from the Board, or the GMRC, any selection criteria for the appointment of Directors to the Board in addition to those set out in the Shareholder Declaration;
 - iii. develop processes to identify, evaluate and nominate potential candidates for appointment as Directors to the Board in accordance with the requirements of the Shareholder Declaration;
 - iv. have the authority to choose, in its sole discretion, such outside consultants to help the Committee identify candidates and to investigate their suitability for appointment as Directors, as per the requirements of the Shareholder Declaration; and

- v. examine and report on any other matters necessary to meet the purposes of the Committee.

4. Operating Principles

The Committee shall fulfill its responsibilities within the context of the following principles:

a) Conduct

Committee members and nominees for appointment to the Board are expected to operate in compliance with the Corporation's Code of Business Conduct, any policies, applicable laws and regulations governing the Corporation.

b) Communications

The Committee Chair and members of the Committee expect to have direct, open and frank communications throughout the year with the Board, Management and other key Committee advisors as applicable.

c) Committee Expectations and Information Needs

The Committee shall communicate its expectations to the Board, Management and/or the GMRC with respect to the nature, timing and extent of its information needs. The Committee expects that all reasonably required and available information (including minutes) relating to each matter to be dealt with by the Committee at its meetings will be received from the Board, Management and/or the GMRC within a reasonable time frame in advance of each Committee meeting.

d) Reliance on Experts

In contributing to the Committee's discharging of its duties under this Charter, each member of the Committee shall be entitled to rely in good faith upon:

- i. the reports of the Corporation represented to him or her by the Board Chair, the Chair of the GMRC, an officer of the Corporation or in a written report of external advisors with respect to the recruitment and selection of Directors; and
- ii. any report of a lawyer, accountant, appraiser or other person whose profession lends credibility to a statement made by any such person.

e) In Camera Meetings

The members of the Committee shall meet in private session as part of each meeting, (i.e., without Management present). The Committee shall meet in

private session as often as it deems necessary.

5. Operating Procedures

- a) The Committee shall meet as circumstances dictate to carry out the responsibilities set out in this Charter. Meetings shall be held at the call of the Committee Chair or upon the request of two (2) members of the Committee;
- b) A quorum shall be a majority of the members;
- c) In the absence of the Committee Chair, the Committee members present shall appoint an acting chair;
- d) Committee meeting agendas shall be the responsibility of the Chair of the Committee in consultation with the Board Chair, Committee members and Management;
- e) To assist the Committee in discharging its responsibilities, the Committee may, after consultation with the Board Chair, retain at the expense of the Corporation, one or more persons having special expertise that will assist the Committee in discharging its responsibilities; and
- f) The Committee shall report to the Shareholder its recommendations for the appointment of Directors to the Board.

6. Limitations on the Committee's Responsibilities

In contributing to the Committee's discharging of its responsibilities under this Charter, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Directors are subject. The essence of the Committee's responsibilities is to satisfy itself (but not to ensure) that the nominating policies, procedures and practices of the Corporation (i) are being conducted effectively and in compliance with all applicable laws, statutes and regulations; (ii) are reasonable and appropriate in the circumstances given the nature of the organization and its strategy; and (iii) are sufficiently and accurately reported upon to the Board.

Hydro Ottawa Holding Inc. Nominating Committee Charter History:

Approved by the Board of Directors: May 14, 2009

Revised: August 28, 2014

Revised: June 18, 2019

Revised: July 1, 2022

Document 5HOHI Shareholder Declaration Criteria for Selection of DirectorsSection 3.6 of Shareholder Declaration

- i. The process used by the Nominating Committee shall be designed to ensure that each Director satisfies the following criteria:
 - Demonstrates integrity and high ethical standards
 - Has career experience and expertise relevant to HOHI's business purposes, financial responsibilities and risk profile
 - Demonstrates an appreciation of the fiduciary duties of a Director
 - Demonstrates well-developed listening, communicating and influencing skills
 - Demonstrates an interest in and a commitment to devote the time necessary so that the individual Directors can actively participate in Board and Committee discussions and debate
 - Demonstrates an understanding of the role of Hydro Ottawa as a service to local ratepayers
 - Demonstrates an understanding of the role of Hydro Ottawa as an asset of taxpayers

- ii. The process used by the Nominating Committee shall be designed to maintain a Board having the following competencies among one or more directors:
 - Strong business background
 - Strong financial background including financial accreditation
 - Industry sector experience in the areas of business of the subsidiary companies
 - Strategic planning and corporate stewardship experience
 - Competitive business experience
 - An awareness of the needs of the Corporation's customers
 - Public or private marketing financing experience
 - Board experience