

Subject: Hydro Ottawa Holding Inc. – 2023 Annual Report

File Number: ACS2024-OCC-HOH-0002

**Report to the Shareholder of Hydro Ottawa Holding Inc. and Council on
June 25, 2024**

Submitted on June 18, 2024

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

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Ward: Citywide

**Objet : Société de portefeuille d'Hydro Ottawa inc. –
Rapport annuel 2023**

Numéro de dossier : ACS2024-OCC-HOH-0002

**Rapport à l'actionnaire de la Société de portefeuille d'Hydro Ottawa inc.
et au Conseil le 25 juin 2024**

**Soumis le 18 juin 2024 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, 2023 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, 2024;**
- 3. Approve the recommendation of the Nominating Committee of the Board of Directors of Hydro Ottawa Holding Inc., specifically, that Council appoint the persons identified at Document 2 (immediately follows the report) to serve as members of the Board of Hydro Ottawa Holding Inc. for the corresponding terms as specified; 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 2023, 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 2024 ;**
- 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 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. pour un mandat de la durée précisée ; et**

- 4. Autorise le maire et la greffière municipale 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, 2023 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, 2024.

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 2024 (based on 2023 results), bringing cumulative dividends paid to \$369 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 2023 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 2024.

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

2024 (en fonction des résultats de 2023). Ce montant porte à 369 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 2023 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 23, 2024. 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 end of December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.*"

2023 marked the third year of performance under Hydro Ottawa's 2021-2025 Strategic Direction. Over the course of the year, the corporation was adversely impacted by a

series of disruptions. These included numerous severe weather events, such as a freezing rain storm in the spring that affected more than 170,000 customers (almost half of our total customer base) and a record number of lightning strikes during the month of July (over 6,000). Other challenges came in the form of a labour strike, interest rate increases and the mechanical failure of a turbine at one of our hydroelectric stations at Chaudière Falls. The increase in operating costs associated with these impacts resulted in a shortfall in net income, relative to the target set in our Strategic Direction.

Nevertheless, Hydro Ottawa generated a profit of \$24.1 million, owing to growth in our overall revenue (\$333 million on a consolidated basis). We delivered a consolidated return on equity of 4.6 per cent and in accordance with the Council-approved dividend policy, our 2023 performance will yield a \$20 million dividend to our shareholder, the City of Ottawa. This will bring cumulative dividends paid to approximately \$369 million since 2005.

Despite significant operational and financial pressures, we were able to advance our vision for a smart energy future and meet the needs of our customers and community for reliable, cost-effective and innovative services. Major highlights from 2023 included the following:

- Signing a memorandum of understanding with The Ottawa Hospital for the design and construction of an energy-efficient central utility plant, which will sustainably power the new Civic Campus;
- Formalizing our collaboration with the City of Ottawa on its flagship project to transition to a fully electrified municipal bus fleet;
- Strengthening the resilience and reliability of our distribution grid through \$57 million in capital investments;
- Connecting over 5,500 new customers;
- Enhancing our emergency preparedness and response capabilities, and modernizing our outage communications;
- Enabling the installation of over 500 electric vehicle chargers across the region;
- Publicly launching Hiboo Networks, our new telecommunications affiliate;
- Preparing a plan to restructure the corporation with the goal of reducing borrowing costs and increasing financial capacity;¹ and
- Supporting our community through nearly \$300,000 in charitable fundraising and local sponsorships.

¹ This plan was approved by City Council at its meeting on February 21, 2024.

Details on Hydro Ottawa's financial results and business achievements in 2023 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.

Hydro Ottawa's intention had been to issue a new RFP in 2023 for financial statement audit services for 2024 to 2028 year-ends. However, on account of the operational impacts associated with the labour strike, the Board approved a subsequent extension of the engagement of KPMG LLP for an additional one-year term commencing on July 1, 2024 and terminating on June 30, 2025.

Under this extended agreement, the appointment of the auditor for 2024 year-end remains subject to Council approval.

Council is therefore now being requested to approve the one-year extended engagement appointing KPMG LLP as the auditor of Hydro Ottawa Holding Inc. and all wholly-owned subsidiaries for the year ending December 31, 2024.

Recommendation 3

Appoint Board Directors

The Shareholder Declaration for HOHI requires that members of the Boards of Directors for HOHI (with the exception of the President and Chief Executive Officer) 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 terms of three directors of the HOHI Board are expiring on June 30, 2024 (see Document 3 for current members of the Boards). These members have served effectively on the Boards of Directors and have contributed to the continued success of the company.

As explained below, the Nominating Committee is recommending a mix of appointments to ensure the HOHI Board maintains a full range of skills and expertise and is able to effectively meet the governance needs of the corporation consistent with its strategic objectives.

Nominating Committee Recommendation – Appointment of Directors

As per the selection process set out in the Shareholder Declaration for HOHI, the Governance and Management Resources Committee (GMRC) of the Board of HOHI has reviewed the Board competency profile and the gaps that term expirations in 2024 and 2025 would create in terms of breadth and depth of experience, knowledge and expertise. Among the priorities identified were the need for maintaining cyber security expertise as well as ensuring effective succession planning for Board committees.

Based on the results of the GMRC's review, the Nominating Committee is recommending the reappointment of three existing HOHI Board members, for terms as set out in Document 2. Two of the existing Board members, Matt Davies and Jacqueline Gauthier, will have reached the Council-approved two consecutive term limit established in 2014 and can only be reappointed should Council choose to grant extensions.

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 the HOHI Board are posted on the HOHI website at hydroottawaholding.com.

Composition of the Nominating Committee

The Nominating Committee of HOHI is comprised of the Board Chair, Bernie Ashe, 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 2024 (based on 2023 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: 2023 Annual Report (including Audited Consolidated Financial Statements) of Hydro Ottawa Holding Inc. (issued separately and on file with the City Clerk)

Document 2: Recommended Reappointments 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

2023 Annual Report (including Audited Consolidated Financial Statements)
of Hydro Ottawa Holding Inc.

Issued separately

Document 2

Recommended Reappointments to the
Hydro Ottawa Holding Inc. Board of Directors and Corresponding Terms

Name	Board	Term	Effective Date	End of Term
Matt Davies	Hydro Ottawa Holding Inc.	Reappointment for 3 years	July 1, 2024	June 30, 2027
Jacqueline Gauthier*	Hydro Ottawa Holding Inc.	Reappointment for 1 year	July 1, 2025	June 30, 2026
Cyrus Reporter	Hydro Ottawa Holding Inc.	Reappointment for 3 years	July 1, 2024	June 30, 2027

* As noted in Document 3 below, Jacqueline Gauthier is currently serving in her second term as HOHI Board Director, expiring on June 30, 2025.

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

Name	Member of the Board Since	End of Term
Bernie Ashe (Chair)	July 1, 2022 Chair since October 26, 2023	June 30, 2027
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)
Jacqueline Gauthier	July 1, 2020	June 30, 2025
Paul McCarney	July 1, 2020	June 30, 2026
Madeleine Meilleur	October 26, 2023	June 30, 2026
Lynn Norton	October 26, 2023	June 30, 2026
Cyrus Reporter	July 1, 2021	June 30, 2024
Rumina Velshi	October 26, 2023	June 30, 2026

Hydro Ottawa Limited

Name	Member of the Board Since	End of Term
Bryce Conrad	August 15, 2011	Ex officio
Bernie Ashe (Chair)	Chair since October 26, 2023	June 30, 2027
Brent Fletcher	April 24, 2024	Serves while in position

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.;

“Board Diversity Policy” means the Diversity Policy approved by the Hydro Ottawa Holding Inc. Board of Directors in its current version or as the same may from time to time be amended or replaced;

“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 and the Board Diversity Policy;

- 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 the Board Diversity Policy; 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

Revised: June 13, 2024

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