

**Report to the Shareholder of Hydro Ottawa Holding Inc.  
Rapport à l'actionnaire de la Société de portefeuille d'Hydro Ottawa inc.**

**and Council  
et au Conseil**

**Select Council meeting date. / Choisir la date de la reunion du Conseil municipal.**

**Submitted on June 26, 2019  
Soumis le 26 juin 2019**

**Submitted by  
Soumis par:**

**Bryce Conrad, President and Chief Executive Officer, Hydro Ottawa Holding Inc. /  
Président et chef de la direction de la Société de portefeuille d'Hydro Ottawa inc.**

**Contact Person**

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**Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE      File Number: ACS2019-OCC-HOH-0001**

**SUBJECT: Hydro Ottawa Holding Inc. – 2018 Annual Report**

**OBJET: Rapport annuel de 2018 de l'actionnaire de la Société de portefeuille  
d'Hydro Ottawa inc.**

**REPORT RECOMMENDATIONS**

**That Council:**

- 1. Receive the Audited Consolidated Financial Statements of Hydro Ottawa Holding Inc. for the year ended December 31, 2018 as set out in the Annual Report at Document 1;**
- 2. Appoint KPMG LLP as the auditor for Hydro Ottawa Holding Inc. for the year ending December 31, 2019;**

3. **Approve the recommendation of the Nominating Committee of the Board of Directors of Hydro Ottawa Holding Inc., specifically, that Council appoint the person identified at Document 2 (immediately follows the report) to serve as a member of the Board of Hydro Ottawa Holding Inc. for the corresponding term as specified; and**
4. **Authorize the Mayor and the City Clerk and Solicitor 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.**

## **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 2018 présentés dans son Rapport annuel, soit le document n° 1 ;**
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 2019 ;**
3. **Approve la recommandation formulé 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 la personne mentionnée dans le document n° 2 (ci-joint), afin qu'elle siège au conseil d'administration de la Société de portefeuille d'Hydro Ottawa pour un mandate de la durée précisée ; et**
4. **Autorise le maire et le greffier municipal et avocat général 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*, 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, 2018 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, 2019.

#### Recommendation 3

##### Appoint Board Directors

The Shareholder Declaration for Hydro Ottawa Holding Inc. (HOHI) requires that members of the Boards of Directors for HOHI and its wholly-owned subsidiaries, including Hydro Ottawa Limited (HOL), be appointed by the City of Ottawa, with the exception of the President and Chief Executive Officer and the one HOL member of management appointed by HOHI to sit on the HOL Board. Council is requested to appoint the person identified at Document 2 to serve on the HOHI Board for the corresponding term as specified.

## Recommendation 4

### Authorize the Mayor and the City Clerk and Solicitor 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 and Solicitor 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 delivered a dividend payment of \$ 22.3 million to the City of Ottawa on April 16, 2019, surpassing the floor of \$20 million, and bringing cumulative dividends paid to \$262 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*, 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, la Société de portefeuille d'Hydro Ottawa inc. 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 2018 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 2019.

Recommandation n° 3

Nommer les membres des conseils d'administration

En vertu de la *Déclaration de l'actionnaire* pour la Société de portefeuille d'Hydro Ottawa inc., les membres des conseils d'administration respectifs d'Hydro Ottawa et de ses filiales à part entière, notamment Hydro Ottawa limitée, doivent être nommés par la Ville d'Ottawa, sauf le président et chef de la direction et le membre de la direction d'Hydro Ottawa limitée nommé par Hydro Ottawa pour siéger au conseil d'administration d'Hydro Ottawa limitée. Le Conseil municipal est prié de nommer la personne mentionnée dans le document n° 2 afin qu'elle siège au conseil d'administration d'Hydro Ottawa pour un mandat de la durée précisée.

Recommandation n° 4

Autoriser le maire et le greffier municipal et avocat général 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 et avocat général 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 a versé à la Ville d'Ottawa un dividende de 22,3 millions de dollars le 16 avril 2019. Ce montant, qui dépasse la valeur plancher établie à 20 millions, porte à 262 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, 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 2018 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 16, 2019. 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of Hydro Ottawa Holding Inc. as at December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards*'.

In its third year of performance under its *2016-2020 Strategic Direction*, which was presented to City Council in June 2016, Hydro Ottawa continued to show progress in the advancement of its five-year business strategy. Despite disruptive weather effects of the ice and wind storms in the spring, and the devastating tornadoes that struck our service territory in the fall, the company's financial performance remained strong in 2018. Consolidated net income at \$42.1 million was up \$6.2 million over 2017, strengthened by a one-time Conservation and Demand Management incentive payment of \$4.1 million, and our consolidated return on equity rose to 9.4 percent. In accordance with the Council-approved dividend policy, our 2018 performance yielded a \$22.3 million dividend payment to the City of Ottawa, surpassing the floor of \$20 million, and bringing cumulative dividends paid to \$262 million since 2005.

It is important to note that in March 2019, the provincial government announced its intention to refocus and centralize delivery of conservation and demand management (CDM) programs. The programs that will remain in place will be delivered by the Independent Electricity System Operator [IESO] rather than by local distribution companies. This will have a significant impact on our business as CDM programs have contributed to our net income and dividends, and this revenue stream will not be available in future years. Hydro Ottawa and local residents and businesses have been leaders in the field of energy conservation and we will continue to work with the IESO to ensure that our customers have access to the remaining programs. Other electricity policy reforms are underway in Ontario, and we will continue to closely monitor and respond to these developments.

Details on Hydro Ottawa's financial results and business achievements in 2018 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 also 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 – 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.

Last year at this time, Council approved the third year of the recommended engagement. The Board and management continue to be satisfied with the firm's expertise and service quality, and Council is now being requested to approve the first optional year of the recommended engagement appointing KPMG LLP as the auditor of Hydro Ottawa Holding Inc. for the year ending December 31, 2019.

### **Recommendation 3**

#### **Appoint Board Directors**

The Shareholder Declaration for Hydro Ottawa Holding Inc. (HOHI) requires that members of the Boards of Directors for HOHI and its wholly-owned subsidiaries, including Hydro Ottawa Limited (HOL), be appointed by the City of Ottawa, with the exception of the President and Chief Executive Officer and the one HOL member of management appointed by HOHI to sit on the HOL Board. 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 one director of the HOHI Board is expiring on June 30, 2019 (see Document 3 for current members of the Boards). This member has served effectively on the board of directors and he has contributed to the continued success of the company. He has now reached the Council-approved 'two consecutive term' limit established in 2014 and can only be reappointed should Council so choose.

#### *Nominating Committee Recommendation – Appointment of Directors*

The Nominating Committee of the Board of HOHI has reviewed the Board competency profile and the gap that the term expiry would create in terms of breadth and depth of experience, knowledge and expertise, especially the engineering insight and project management and real property experience brought to a number of files, many of which are ongoing. Given this gap and the relative newness of a number of Board members currently serving their first term, the Nominating Committee has determined that a level of continuity in these areas would be helpful to the Board at this critical juncture in the company's business. It is therefore recommending that an exception be granted for an one-year extension. The profile of the recommended candidate is on file with the City Clerk and Solicitor 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 Hydro Ottawa website at [hydroottawa.com](http://hydroottawa.com).

#### *Composition of the Nominating Committee*

The Nominating Committee of HOHI is comprised of the Board Chair, Jim Durrell, C.M., ICD.D, the Mayor, Jim Watson, and the two members of the Council of the City of Ottawa who are directors of the Board of HOHI - Councillors Jan Harder and Stephen Blais. The terms of reference for the Nominating Committee can be found in the charter attached at Document 4.

#### *Director Selection Process and Criteria*

In arriving at its recommendation, the Nominating Committee gave due consideration to the requirements for the composition of the Board of Directors of Hydro Ottawa Holding Inc., the selection criteria (attached at Document 5) set out in the Shareholder Declaration, as well as recruiting priorities identified through a board profile review conducted earlier this 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 and Solicitor 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 and Solicitor 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.

### **RURAL IMPLICATIONS**

There are no rural implications associated with 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.

## **COMMENTS BY THE WARD COUNCILLOR(S)**

This item is citywide.

## **ADVISORY COMMITTEE(S) COMMENTS**

This section is not applicable to this report.

## **LEGAL IMPLICATIONS**

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

## **RISK MANAGEMENT IMPLICATIONS**

There are no risk implications.

## **ASSET MANAGEMENT IMPLICATIONS**

This section is not applicable to this report.

## **FINANCIAL IMPLICATIONS**

### Recommendation 1

In accordance with the Council-approved dividend policy, Hydro Ottawa delivered a dividend payment of \$22.3 million to the City of Ottawa on April 16, 2019 – the company's highest annual dividend to date.

## **ACCESSIBILITY IMPACTS**

There are no accessibility implications with respect to implementing the recommendations set out in this report.

## **ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications with respect to implementing the recommendations set out in this report.

## **TECHNOLOGY IMPLICATIONS**

There are no technology implications associated with this report.

## **TERM OF COUNCIL PRIORITIES**

This section is not applicable to this report.

**SUPPORTING DOCUMENTATION**

Document 1: 2018 Annual Report (including Audited Consolidated Financial Statements) of Hydro Ottawa Holding Inc. (issued separately)

Document 2: Recommended Appointment to the Hydro Ottawa Holding Inc. Board of Directors and Corresponding Term (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: Criteria for Selection of Directors (immediately follows the report)

**DISPOSITION**

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

**Document 1**

2018 Annual Report (including Audited Consolidated Financial Statements)  
of Hydro Ottawa Holding Inc.

Issued separately

**Document 2**

Recommended Appointment to the  
Hydro Ottawa Holding Inc. Board of Directors  
and Corresponding Term

<b>Name</b>	<b>Term</b>	<b>Effective Date</b>
Dale Craig	Reappointment for 1 year	July 1, 2019

**Document 3**Current Members of the BoardsHydro Ottawa Holding Inc.

<b>Name</b>	<b>Member of the Board Since</b>	<b>End of Term</b>
Yaprak Baltacioglu	July 1, 2018	June 30, 2020
Councillor Stephen Blais	December 1, 2018	November 30, 2022 (serves while in office)
Kim Butler	July 1, 2018	June 30, 2020
Bryce Conrad	August 15, 2011	Ex officio
Dale Craig	October 1, 2013	June 30, 2019
Matt Davies	July 1, 2018	June 30, 2021
Jim Durrell, C.M., ICD.D	July 1, 2012 Chair since July 1, 2013	June 30, 2021
Councillor Jan Harder	December 1, 2014	November 30, 2022 (serves while in office)
Andrea C. Johnson	July 1, 2015	June 30, 2021
Cyril Leeder	July 1, 2017	June 30, 2020
Lori O'Neill	July 1, 2014	June 30, 2020

Hydro Ottawa Limited

<b>Name</b>	<b>Member of the Board Since</b>	<b>End of Term</b>
Bryce Conrad	August 15, 2011	Ex Officio
Jim Durrell, C.M., ICD.D	July 1, 2012 Chair since July 1, 2013	June 30, 2021
Guillaume Paradis	June 1, 2019	Serves while in position

**Document 4****HYDRO OTTAWA HOLDING INC. (HOHI)****Nominating Committee (“NC”) Charter****1. Composition**

- a) The Nominating Committee (“NC”) of Hydro Ottawa Holding Inc. (“HOHI”) is a Board Committee which shall be comprised of up to 5 members of which:
- (i) A majority shall be external directors of HOHI;
  - (ii) One (1) shall be the Mayor of the City of Ottawa;
  - (iii) Until November 30, 2014, two members shall be members of the Council of the City of Ottawa who are members of the Board of Directors of HOHI (as long as the City of Ottawa remains as the sole shareholder of HOHI) and shall be reduced to one member effective December 1, 2014 in the event the Mayor of the City of Ottawa chooses to act as a Director;
  - (iv) One (1) shall be the Board Chair as an *ex officio* voting member.
- b) The following skill set is normally looked for in the selection of NC members:
- Previous Board experience
  - Familiarity with the legal and regulatory requirements of directorships and executive human resources management
  - Previous experience in the recruitment, selection, motivation, evaluation and leadership of directors and senior executives
  - 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, each skill set item (and parts thereof) should be present in the NC’s composition.

- c) The Chair of HOHI shall recommend, for HOHI Board approval, the members to serve on the NC.
- d) The Chair of the Nominating Committee shall be the Chair of the Board of Directors.

## **2. Terms of Reference**

- a) The purpose of the Nominating Committee is to identify and evaluate potential candidates for appointment as Directors to the Boards of HOHI and its subsidiaries.
- b) The NC shall make recommendations to the Shareholder of HOHI and its subsidiaries regarding the appointment of candidates as Directors.
- c) For the purpose of carrying out items (a) through (c) in this section, the NC shall:
  - i. review with the Board, or the GMRC, the selection criteria for the appointment of Directors to the Boards of HOHI and its subsidiaries 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 Boards of HOHI and its subsidiaries 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 Boards of HOHI and its subsidiaries in accordance with the requirements of the Shareholder Declaration;
  - iv. have the authority, in its sole discretion, to retain such outside consultants to help the NC identify candidates and to investigate their suitability for appointment as Directors; and
  - v. examine and report on any other matters necessary to meet the purposes of the Committee.

## **3. Operating Principles**

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

### **a) Conduct**

The NC expects its Committee members and nominees for appointment to the Board of HOHI and its subsidiaries to operate in compliance with HOHI's Code of Business Conduct and policies and with all applicable laws and regulations governing HOHI.



## b) Communications

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

## c) Committee Expectations and Information Needs

The NC shall communicate its expectations to the Board, Management and/or Governance and Management Resources Committee (“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 NC 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 NC's discharging of its duties under this Charter, each member of the NC shall be entitled to rely in good faith upon:

- i) the reports of HOHI represented to him or her by the Board Chair, the Chair of the GMRC, an officer of HOHI or in a written report of external advisors with respect to the recruitment and selection of Board members; 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 NC shall meet in private session as part of each meeting, (i.e., without Management present). The NC shall meet in private session as often as it deems necessary.

#### **4. Operating Procedures**

- a) The NC shall meet as circumstances dictate to carry out the responsibilities set out in its Terms of Reference. Meetings shall be held at the call of the 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 Chair, the Committee members present shall appoint an Acting Chair;
- d) NC 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 NC in discharging its responsibilities, the NC may, after consultation with the Board Chair, retain at the expense of HOHI, one or more persons having special expertise that will assist the NC in discharging its responsibilities; and
- f) The NC shall report to the shareholders its recommendations for the appointment of directors to the Boards of Directors of HOHI and its subsidiaries.

#### **5. Limitations on Committee's Duties**

In contributing to the Committee's discharging of its duties 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 Board members are subject. The essence of the Committee's duties is to satisfy itself (but not to ensure) that the nominating policies, procedures and practices of HOHI (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.

**Document 5**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