

Hydro One Limited

# Human Resources Committee Mandate

The Human Resources Committee (the “**Committee**”) of Hydro One Limited (including its subsidiaries, the “**Company**”) focuses on oversight of the human capital and human resources strategy and related compensation policies, programs and procedures of the Company.

## Purpose

The Committee, as a standing Committee appointed by the board of directors of the Company (the “**Board**”), assists the Board in fulfilling its oversight responsibilities. The Committee’s principal responsibilities include overseeing:

- (a) and ensuring the effectiveness of the Company’s human capital and human resources strategy, policies, programs and procedures, including equity, diversity and inclusion policies and practices;
- (b) the compensation policies, programs and plans of the Company designed to attract, retain and develop executives and employees with the skills and expertise needed for the Company to carry out its strategies, business and operations;
- (c) the compensation of the Chief Executive Officer and the Designated Employees (as defined below);
- (d) the compensation and human resources policies and programs of the Company by retaining external consultants and advisors to receive independent and objective advice;
- (e) reviewing matters relating to succession planning of the Company’s Chief Executive Officer and the Designated Employees;
- (f) the Company’s policies and programs to promote a culture of integrity and responsible stewardship, including through its oversight of the Code of Business Conduct and the Whistleblower Policy, and related practices and procedures; and
- (g) the Company’s labour relations strategy.

## Responsibilities

The principal responsibilities of the Committee are set out below.

## Compensation Matters

### Compensation of Chief Executive Officer & Designated Employees

1. Review annually and, as necessary, recommend to the Board for approval revisions to the Position Description of the Chief Executive Officer.
2. Oversee, review and recommend to the Board for approval the annual performance goals and criteria for the Chief Executive Officer and evaluate and report to the Board on the performance of the Chief Executive Officer against the Chief Executive Officer Position Description and the approved performance goals and criteria.
3. Review the performance goals and objectives of the Chief Executive Officer's Executive Leadership Team and other key employees of the Company as the Committee or the Board may determine (collectively, the "**Designated Employees**").
4. Review annually the Chief Executive Officer's evaluation of the performance of the Designated Employees.
5. Review and report to the Board annually on the competitiveness and appropriateness of the compensation packages of the Chief Executive Officer and the Designated Employees. In conducting such review, the Committee will consider relevant factors, including:
  - (a) the compensation packages of the Chief Executive Officer and the Designated Employees for the prior year;
  - (b) the incentive awards granted to the Chief Executive Officer and the Designated Employees in previous years;
  - (c) the Committee's evaluation of the performance of the Chief Executive Officer and the Chief Executive Officer's evaluation of the performance of the respective Designated Employees;
  - (d) the Company's strategic objectives and financial and operating performance, including the absolute and relative total shareholder returns;
  - (e) whether the compensation package reflects an appropriate balance between short- and longer-term incentives and alignment with the interests of the Company and its shareholders and other key stakeholders;

- (f) the competitiveness of the compensation package, including the value of similar incentive awards paid to equivalent officers and positions at comparable companies;
  - (g) the results of the Company's say on pay vote and shareholder and other stakeholder feedback relating to the Company's approach to executive compensation; and
  - (h) the effect of annual compensation determinations on any change of control, pension and/or retirement entitlements.
6. Review and recommend to the Board for approval the Chief Executive Officer's compensation. The Chief Executive Officer may not be present during voting or deliberations on his or her compensation arrangements.
  7. Review the Chief Executive Officer's recommendations with respect to, and approve, the compensation payable to the Designated Employees. The relevant Designated Employee may not be present during voting or deliberations on his or her compensation arrangements.
  8. Review and recommend to the Board for approval any employment contracts or other hiring, termination or retirement packages to be entered into with the Chief Executive Officer and any material changes and all arrangements which take effect upon the cessation of employment of the Chief Executive Officer or upon a change of control of the Company.
  9. Review and recommend to the Board for approval any employment contracts or other hiring, termination or retirement packages to be entered into with the Designated Employees and any material changes and all arrangements which take effect upon the cessation of employment of the Designated Employees or upon a change of control of the Company.
  10. Review and approve the composition and use of comparator peer groups in assessing compensation payable to the Chief Executive Officer and the Designated Employees.

### **Compensation Policies & Plans**

11. Review and recommend to the Board for approval management compensation policies and plans and any material new incentive compensation and equity compensation plans, benefit plans or retirement plans of the Company and any related public disclosures, and recommend to the Board for approval, or if so authorized in the applicable policy or plan, approve amendments to any such policies, plans, and awards.

12. Oversee, review and recommend to the Board for approval any compensation framework required to be submitted, established or approved from time to time under laws applicable to the Company and any related changes or required disclosures.
13. Review and approve the administration of all material salary, incentive and equity compensation plans, benefit plans or retirement plans of the Company, annual salary increases, bonus plans, stock plans and equity arrangements, that may be adopted from time to time, with such authority and power as set out in such plans, subject to all applicable policies adopted by the Board.
14. Review and approve any performance measures and targets respecting incentive compensation payable to the Designated Employees and make recommendations to the Board for approval on any performance measures and targets regarding incentive compensation payable to the Chief Executive Officer.

### **Pension & Retirement Plans**

15. Oversee, review and recommend to the Board for approval the design of any new pension or retirement plans.
16. Review periodic reports from management regarding the investment of the pension or retirement plans, including the performance of the plans, their activity and their costs.
17. Review, in coordination with the Company's Management Pension Committee, and approve (i) material changes to the pension plan governance structure, (ii) the Statement of Investment Policies and Procedures, the pension and investment strategy and the asset mix, (iii) amendments to the pension plan(s), (iv) the appointment or replacement of the pension fund actuary and auditor, (v) the financial statements of any pension plan(s), and (vi) the Management Pension Committee structure, including its terms of reference.

### **Compensation Alignment & Risk Management**

18. Review at least bi-annually the alignment of the Company's human resources and compensation programs and plans, including incentive compensation programs, with (i) the Company's strategies, operating model and risk profile, (ii) the corporate scorecard for the Company and other incentive compensation performance measures, (iii) overall Company performance, and (iv) risk management principles, and consider stress test analyses in connection with such review.
19. Oversee the administration of the Company's Executive Share Ownership Guidelines, Anti-Hedging Policy and the Compensation Recoupment Policy and any material changes.

## Compensation of Consultants & Advisors

20. Retain, if it deems advisable, and oversee the work and performance of any independent compensation consultant, legal counsel and/or other advisors to the Committee, other than in-house legal counsel, after considering factors relevant to that person's independence (including the following factors):
  - (a) the provision of other services to the Company by the compensation consultant, legal counsel or other advisor;
  - (b) the amount of fees received from the Company by the compensation consultant, legal counsel or other advisor, as a percentage of the total revenue of the compensation consultant, legal counsel or other advisor;
  - (c) the policies and procedures of the compensation consultant, legal counsel or other advisor that are designed to manage actual or potential conflicts of interest;
  - (d) any business or personal relationship of the compensation consultant, legal counsel or other advisor with a member of the Board;
  - (e) any securities of the Company owned by the compensation consultant, legal counsel or other advisor; and
  - (f) any business or personal relationship of the compensation consultant, legal counsel, other advisor or the person employing the advisor with the Chief Executive Officer or any Designated Employee.
21. Receive advice from and discuss matters of relevance with any compensation consultant, legal counsel or other advisor that it considers appropriate, including an advisor that is not independent, after considering the relevant independence factors.

## Compliance with Disclosure Requirements

22. Review and recommend to the Board for approval where appropriate, the disclosure of the Company's Human Resources practices included in the Company's annual compensation discussion and analysis included in the management information circular, on the Company website and other required Human Resources public disclosures.

## Succession Planning & Talent Development

23. Review and recommend to the Board for approval succession plans for the Chief Executive Officer and associated contingency preparedness, including in the event of a crisis or the unexpected departure of the Chief Executive Officer.

24. Review, in coordination with the Chief Executive Officer, the succession plans and talent management processes for the Designated Employees and associated contingency preparedness, including in the event of a crisis or the unexpected departure of a Designated Employee.
25. Oversee and review management's strategy, policies, plans and principles for the performance management and career development of the Designated Employees and other high potential employees.

### **People Strategy, Culture & Integrity**

26. Review the Company's overall human capital and human talent strategy and plans and their effectiveness.
27. Oversee and assess the integrity of the Chief Executive Officer and the Designated Employees, including the contribution of such individuals to creating a culture of integrity and responsible stewardship throughout the Company consistent with the overall brand, culture and strategy approved by the Board.
28. Review the Company's workplace equity, diversity and inclusion plans and the results of employee engagement evaluations.

## Code of Business Conduct & Whistleblower Policy

29. Receive quarterly reports from the Chief Ethics Officer on activity under the Company's Code of Business Conduct and Whistleblower Policy.
30. Oversee the procedures of the Code of Business Conduct and the Whistleblower Policy, including the receipt, management, investigation and closure of complaints received, except for accounting, internal accounting controls, or auditing matters, (collectively, the "**Accounting and Auditing matters**") which are reserved to oversight by the Audit Committee.
31. Review and recommend to the Governance & Regulatory Committee for approval any changes to the Code of Business Conduct or the Whistleblower Policy (for matters other than Accounting and Auditing matters).

## Labour & Collective Bargaining

32. Oversee and review the Company's labour relations strategy and review and approve the collective bargaining mandates for the Company's collective agreements with its unions.

## Risk Management

33. Meet with the head of the Company's Enterprise Risk Management function not less than once annually to discuss the risks assigned to the Committee and the adequacy and completeness of management's programs and processes for identifying, assessing and managing such risks.

## General

### Policies

34. The Committee is responsible for reviewing and approving, or reviewing and recommending to the Board for approval, the policies listed on Appendix "A".

### Procedures

35. **Number and Appointment of Members** – The members of the Committee will be appointed by the Board annually and each member of the Committee will remain on the Committee until his or her successor is duly appointed or upon his or her earlier resignation or removal in accordance with this Mandate. The Committee will be composed of not less than three (3) Board members.

36. **Removal, Replacement and Vacancy of Committee Members** – Any member of the Committee may be removed or replaced at any time by the Board and will automatically cease to be a member of the Committee upon ceasing to be a director. The Board will fill any vacancy if the membership of the Committee is less than three (3) directors. Whenever there is a vacancy on the Committee, the remaining members may exercise all of its powers if a quorum remains in office.
37. **Committee Chair** – Unless a Chair of the Committee is designated by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee. If the Committee Chair is not present at any meeting of the Committee, one of the other members of the Committee who is present will be chosen by the Committee to preside at the meeting. The Committee Chair will be responsible for carrying out the duties and responsibilities prescribed for Committee Chairs in the Company’s Position Description for Committee Chairs.
38. **Meetings** – The Committee will meet regularly and as often as it deems necessary to perform the duties and discharge its responsibilities as described herein in a timely manner, but not less than four (4) times a year. The Committee will maintain written minutes of its meetings, which will be filed with the Company’s corporate minute books.
39. **Separate In Camera Meetings** – The Committee will meet at each meeting of the Committee without management or non-independent directors present, unless otherwise determined by the Committee Chair.

**Approved by the Board on February 25, 2022.**

## **Appendix “A”**

### **Policies**

#### **Compensation, Retirement and Benefit Plans**

- (a) Cash Settled Long-Term Incentive Plan;
- (b) Defined Benefit and Defined Contribution Pension Plans;
- (c) Employee Share Purchase Plan;
- (d) Long Term Incentive Plan;
- (e) Management Deferred Share Unit Plan;
- (f) Pension Plan Statement of Investment Policies and Procedures;
- (g) Non-Registered Savings Plan;
- (h) Short Term Incentive Plan; and
- (i) Statement of Investment Policies and Procedures.

#### **Governance**

- (j) Code of Business Conduct;
- (k) Compensation Recoupment Policy;
- (l) Diversity and Inclusion Policy;
- (m) Executive Share Ownership Guidelines and Anti-Hedging Policy;
- (n) Incentive Compensation Adjustments – Principles and Practices; and
- (o) Whistleblower Policy (for matters other than accounting, internal accounting controls or auditing matters).