

REFINITIV STREETEVENTS

# EDITED TRANSCRIPT

H.TO - Hydro One Ltd Annual Shareholders Meeting

EVENT DATE/TIME: JUNE 08, 2022 / 1:30PM GMT

## CONFERENCE CALL PARTICIPANTS

**Cassidy McFarland**

## PRESENTATION

### Operator

Good morning, everyone, and welcome to Hydro One's Annual General Shareholder Meeting. I am pleased to introduce Mr. Tim Hodgson, Chair of the Board of Directors. Mr. Hodgson, the floor is all yours.

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### **Timothy Hodgson** - *Hydro One Limited - Independent Chairman of the Board*

Thank you very much, operator, and good morning. It gives me great pleasure to welcome you to the company's 2022 Annual Meeting of Shareholders. I would like to acknowledge that I'm on the traditional territory of the Mississaugas of the Credit First Nation, the Haudenosaunee and the Huron Wendat and that we recognize that this land is now home to many diverse First Nation, Inuit and Métis Peoples.

We decided to hold this meeting virtually again via a live online audio webcast due to the continuing impact of the COVID-19 pandemic. Given the changing public health guidelines and restrictions respecting large group gatherings, it was unclear whether it would be safe or permissible for the meeting to be held in person this year. It also affords all of our shareholders the ability to participate in the meeting, regardless of their geographic location. We hope that we can add an in-person component to our 2023 Annual Meeting of Shareholders, assuming health guidelines and restrictions permit us to do so.

On behalf of my fellow directors and management, we thank you for your ownership and interest in Hydro One and for participating in this virtual format. I will now call the meeting to order. In accordance with Hydro One Limited's bylaws, I will act as Chair of the meeting. Attending the meeting with me this morning are Mark Poweska, our President and CEO; Chris Lopez, our Chief Financial Officer; Paul Harricks, our Chief Legal Officer; Jason Fitzsimmons, our Chief Corporate Affairs and Customer Care Officer; Louise Meegan, our Interim Corporate Secretary; and Cassidy McFarland, Senior Advisor Office of the President and CEO.

My fellow director nominees, who are also joining us virtually today are Cherie Brant, Blair Cowper-Smith, David Hay, Stacey Mowbray, Mark Podlasly, Russel Robertson, William Sheffield, Melissa Sonberg and Susan Wolburgh Jenah. I would like to take a moment to thank Ms. Jessica McDonald, who is not standing for reelection at today's annual meeting, for her service on the Board since 2018. The Governance and Regulatory Committee on behalf of the Board of Directors conducted a search to fill a vacancy created by Ms. McDonald's departure and is nominating Mr. Mark Podlasly for election to the Board of Directors at the meeting.

On our agenda today, we will first turn to the formal business of the meeting, following which our President and CEO will speak. After Mark's remarks, there will be a time for shareholder questions. You can submit your questions in the text box on the bottom left-hand corner of the screen throughout the meeting. Paul Harricks is appointed to act as the Secretary of the meeting today in the absence of Maureen Wareham, our Corporate Secretary. Paul will record the proceedings of the meeting.

Rosemary Colakic from Broadridge Financial Solutions, Inc. will act as the Scrutineer. Before we begin, I will ask Paul to speak to forward-looking information and to review the rules of conduct for transacting business of the meeting.

to please read this carefully. To facilitate the formal business of the meeting, I will propose, and Cassidy McFarland will second, the formal motions.

At this time and at any time during the formal business of the meeting, if you are a registered shareholder who has not provided voting instructions or appointed a proxy holder and wish to vote your shares, you may do so by clicking on the Vote Here button on your screen. Proxy holders may also vote at any time using the same method. The polls will remain open until just before the conclusion of the formal business of the meeting. You must click submit for your vote to be counted.

As our Chair said, if you are a shareholder or a proxy holder, you may ask questions at any time during the meeting by entering your question in the Ask a Question box on the bottom left-hand side of the screen and clicking submit. During the formal business portion of the meeting, we will respond to questions received on items of business. All other questions will be addressed in the Q&A session, following our President's remarks.

If you have voted your shares prior to the start of the meeting, your vote has been received by the company's Scrutineers, and there is no need to vote those shares during the meeting, unless you wish to revoke or change your vote. Following the meeting, we will post the final voting results on the Investor Relations page of our website. The results will also be filed on SEDAR. We have been advised by Broadridge Financial Solutions, Inc. that based on the proxies already deposited with them, enough votes have been cast to carry each of the motions. Chair, those are the rules of conduct for the meeting.

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**Timothy Hodgson** - *Hydro One Limited - Independent Chairman of the Board*

Thank you, Paul. We will now proceed with the meeting. The Notice of Meeting and the form of proxy or voting instruction form was mailed to all shareholders of record as of the close of business on April 12, 2022. The Management Information Circular for the meeting, together with our 2021 Annual Report containing the audited annual financial statements for the year ended December 31, 2021, and related auditor's report were made available through the notice and access system of the Canadian securities regulators. They are also available on the bottom right-hand side of your screen under the Meeting Materials. We have received an affidavit from Broadridge as to the proper mailing of the notice of this meeting and form of proxy to shareholders, and a copy of that affidavit will be kept with the minutes of this meeting.

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**Paul Harricks**

The Scrutineers have provided a report regarding shareholder attendance. Based on the preliminary tabulation of proxies received to date, a quorum is present.

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**Timothy Hodgson** - *Hydro One Limited - Independent Chairman of the Board*

I accept the Scrutineers' report and declare that a quorum of shareholders is present. As a quorum is present and proper notice of the meeting has been given, this meeting is now duly and properly constituted for the transaction of business. The final Scrutineers' report will be incorporated into the minutes of this meeting.

The first item of business is for the shareholders to receive the company's audited consolidated financial statements for the year ended December 31, 2021, together with the auditor's report, both of which can be found in our 2021 Annual Report. The 2021 Annual Report is available to all shareholders through the Investor Relations page of our website and on SEDAR. You can also access the 2021 Annual Report on the right-hand side of your screen under Meeting Materials.

**Paul Harricks**

Thank you, Chair. I nominate each of the Director nominees named in the 2022 Management Information Circular for this meeting for election as a Director of Hydro One Limited to serve until the next Annual Meeting of Shareholders or until their respective successor is elected or appointed.

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**Timothy Hodgson** - *Hydro One Limited - Independent Chairman of the Board*

Thank you. As no notice of additional Director nominees was received in accordance with the company's bylaws, I declare nominations closed. Paul, have we received any questions relating to this item of business?

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**Paul Harricks**

No, Chair, we have not. As a reminder to shareholders and proxy holders voting at the meeting, to vote on this item of business, click on Vote Here on the right-hand side of your screen under item number one, you will find listed the names of the 11 nominees for election to the Board of Directors listed in the 2022 Management Information Circular. For each nominee, you may vote for or withhold voting. If you have already provided voting instructions or submitted a proxy, you do not need to vote again on this matter unless you wish to change your vote.

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**Timothy Hodgson** - *Hydro One Limited - Independent Chairman of the Board*

I confirm that the 11 director nominees named in the 2022 Management Information Circular have been elected as directors. Based on the proxies received by management prior to the meeting, each of the director nominees has received a majority of votes cast in favor of their election as a director.

The next item of business is the appointment of the company's external auditors for the next year and authorizing the Board of Directors to fix their remuneration. I will turn to Paul to make the motion.

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**Paul Harricks**

Thank you, Chair. I move that KPMG LLP be appointed as the company's external auditors until the next Annual Meeting of Shareholders or until a successor is appointed and that the Board of Directors be authorized to fix the auditors' remuneration.

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**Timothy Hodgson** - *Hydro One Limited - Independent Chairman of the Board*

I will now turn to Cassidy, to second the motion.

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**Cassidy McFarland**

Thank you, Chair. I second the motion.

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No Chair, we have not. To vote on this item of business, click on Vote Here on the right-hand side of your screen and under Item #2, you may vote for or withhold from voting in respect of the motion. You may not vote for any accounting firm other than KPMG LLP. If you have already provided voting instructions or submitted a proxy, you do not need to vote on this matter unless you wish to change your vote.

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**Timothy Hodgson** - *Hydro One Limited - Independent Chairman of the Board*

As the company has received a sufficient number of proxies in favor of the appointment of the auditors, the motion is carried. KPMG LLP has been reappointed as the company's external auditors and the Board of Directors is authorized to fix their remuneration.

The last item of business is an advisory vote on Executive Compensation, otherwise known as a Say-on-Pay resolution. As described in the 2022 Management Information Circular for this meeting, Hydro One's executive compensation program provides total compensation opportunities that are market competitive relative to peer companies and that are performance based to attract, retain, motivate and reward management talent. It is also compliant with the executive compensation framework the Management Board of Cabinet of the Province of Ontario approved in 2019. I also note that executive salaries are not included in electricity rates. In other words, our rate payers do not pay for executive compensation. This shareholder Say-on-Pay vote forms an important part of the ongoing process of engagement with our shareholders.

I will turn to Paul to make the motion.

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**Paul Harricks**

Chair, I move, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, that the shareholders accept the approach to executive compensation disclosed in the 2022 Management Information Circular for this meeting.

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**Timothy Hodgson** - *Hydro One Limited - Independent Chairman of the Board*

I will now turn to Cassidy, to second the motion.

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**Cassidy McFarland**

Chair, I second the motion.

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**Timothy Hodgson** - *Hydro One Limited - Independent Chairman of the Board*

Thank you, Cassidy. Paul, have we received any questions relating to this item of business?

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**Paul Harricks**

Chair, we have not. To vote on this item of business, click on Vote Here on the right-hand side of your screen and under Item #3, you may vote for or against in respect of the motion.

**Paul Harricks**

The polls are now closed with respect to the voting on all the motions. The final report on voting results provided by the Scrutineers after the meeting will be incorporated into the minutes of the meeting. We will also post the final voting results on the Investor Relations page of our website and will file the results on SEDAR.

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**Timothy Hodgson** - *Hydro One Limited - Independent Chairman of the Board*

Since there are no other matters of business to come before the formal part of the meeting, the meeting is concluded and terminated. I would now like to turn to Mark Poweska, our President and CEO, who will make his remarks. After hearing from Mark, we will open the floor to shareholder questions.

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**Mark Poweska** - *Hydro One Limited - President, CEO & Director*

Good morning, everyone. I'd like to thank our shareholders, special guests and members of the Hydro One team for joining our Annual General Meeting of Shareholders. Hydro One is in the business of providing more than safe and reliable power, we're responsible for energizing life for people and communities across Ontario. And that was never more true than 2 weeks ago when Ontarians faced a one-of-a-kind storm event. The unprecedented damage affected our entire system with damaged transmission towers and hundreds of downed power lines, poles and trees.

Despite the devastation, I'm incredibly proud of how our teams and suppliers worked together to safely restore power to our customers. I want to take this opportunity to thank our employees for their exceptional efforts during a very difficult time and also to thank our customers for their patience and understanding. Our crews were particularly touched by the kindness, generosity and support you showed them. It's moments like these that remind me of the critical role Hydro One plays in Ontario's economy and people's day-to-day lives. This will not be our last storm, which further validates the continued need to invest in our aging infrastructure so that we're prepared for the impact of climate change.

So as I reflect on last year, we showed this same resilience and continued to be there for our customers and communities during another challenging year. And that's due to the passion, hard work and determination of our team of approximately 9,300 skilled and dedicated employees. As an essential service, we proudly maintained the critical supply of electricity to Ontarians, keeping loved ones safe, hospitals running and protecting the most vulnerable in our communities.

In 2021, we again put safety first, advocated for the needs of our customers, supported communities and invested in a grid for the future to enable economic growth right here in Ontario. From a financial perspective, I'm pleased to share that we had a total shareholder return of 18.9%, with a full year adjusted earnings per share of \$1.61 compared to \$1.51 in 2020. Our strong stock price along with these continued solid results speak to the confidence investors have in our 5-pronged strategy and in our ability to deliver on it.

Let me touch on some of the highlights from last year. Safety and efficiency continue to be priorities for us. While we achieved a best-in-class recordable injury rate of 0.74 in 2021 and have succeeded in reducing this rate by 90% since 2004, our success was overshadowed by the tragic loss of a teammate due to a third-party motor vehicle accident last summer. One life lost is simply 1 too many. And that's why our leadership team remains committed to transforming our safety culture by implementing the concrete recommendations made by our employee-led Safety Improvement Team with a goal to eliminate life-altering injuries.

Hydro One is a company that puts people first as demonstrated through our Connected for Life program. We've provided critical support to customers in their time of need, offering peace of mind and financial relief.

As a result of this support, we achieved a record high residential and small business customer satisfaction rate of 89% last year. We also feel a deep responsibility to support the communities we serve. Our charitable partnerships are feeding the most vulnerable, providing free virtual mental health resources and teaching young people how to save a life. And last year, at a time when charitable donations were down and demand for services were high, we were proud to support more than 30 local organizations that help keep communities safe. And we continue this important work today.

Ontarians are counting on us, and we are here for them. This sense of responsibility goes beyond the corporation and has become part of our individual identities. Hydro One employees themselves raised more than \$790,000 to support local organizations last year. I'm so proud to work alongside such engaged colleagues. This effort reflects our commitment to create a diverse, inclusive and engaged workforce. It's no wonder that we were once again recognized by Forbes in its list of Canada's Best Employers for the 7th year in a row.

Our third strategic pillar is our commitment to being a trusted partner. We believe we have a role to play in helping people and communities, in standing up for equity and inclusion, and in contributing to a more sustainable world. And we take that responsibility seriously. Last year, we set public commitments to energize life for the planet, people and communities. Those commitments are achieving net-zero greenhouse gas emissions by 2050 with a target of a 30% reduction by 2030. We committed to meaningful progress along the pathway to Reconciliation with Indigenous communities by ensuring that 20% of our corporate donations and sponsorships support Indigenous communities. This past year, we created the Hydro One grant in partnership with the Canadian Council for Aboriginal Business, to provide direct financial support to Indigenous-owned businesses impacted by COVID. We also committed to increasing our Indigenous procurement spend to 5% of all materials and services by 2026.

Last year, we sourced \$58.3 million in goods and services from Indigenous businesses, our highest spend to date. Our journey to Reconciliation extends to how we'll build the grid for the future in partnership with indigenous communities. I'm very pleased to share that just last month we came to an industry-leading agreement, offering First Nations communities the option to invest in up to a 50% equity stake in the Waasigan transmission line in Northwestern Ontario. We believe this is the way forward for major capital projects.

As a leading Canadian institution and employer, we also see it as our duty to take a leadership position toward greater workplace diversity and in the fight against systemic racism.

As part of our ESG goals, Hydro One committed to diversifying talent with 30% representation of women on the board as a signatory to the Catalyst Accord and 3.5% Black representation of executives in board roles by 2025 as part of signing the BlackNorth Initiative Pledge in 2020.

To identify the barriers that our Black and other marginalized employees face, we recently launched a comprehensive systemic review of our talent management processes, practices and policies. We're on a journey to transform our culture and are taking actions to eliminate those barriers, and are committed to attracting, retaining and promoting diverse candidates at all levels of the organization.

To meet changing customer needs and expectations, we're building a grid for the future by investing in innovation, new technology and more sustainable infrastructure that will support Ontario's economy.

To set this path forward, in 2021, we submitted our 2023 to 2027 Investment Plan for our transmission and distribution businesses to the Ontario Energy Board, and just recently provided an evidence update. With much of our system built in the 1950s and '60s, there's a need to renew and replace critical infrastructure in almost every community across the province. The plan, informed by customer feedback, will reduce the impacts

reliability by 11% year-over-year, representing the best reliability for our customers in 15 years. In addition, transmission reliability improved by 9% year-over-year, also a significant accomplishment.

We completed our distribution and transmission capital projects by deploying approximately \$2.125 billion of capital and in-serviced over \$1.757 billion of assets which was within 1% of our stated goal. We further supported the economy by buying approximately \$1.7 billion of goods and services.

Most recently, we were delighted to receive the news that our transmission license has been amended to develop 4 transmission lines to meet the growing electricity demand in Southwestern Ontario. This is in addition to a previous transmission line designated in 2020. These 5 transmission lines will meet the needs of new and growing industries, help attract future jobs, and, ultimately enable economic growth in the province.

At Hydro One, we have a proven track record of building high-voltage projects and achieving strong transmission reliability results. As a trusted partner, we're excited to work with the community to build the grid for the future in Southwestern Ontario.

Finally, we continue to innovate and grow our business right here in Ontario. We invested in innovative energy solutions to improve power reliability to First Nations and other rural customers. We piloted battery energy storage systems to provide backup power to households and to support the shift to electrification and a low-carbon economy, we also piloted programs that [enabled] (corrected by company after the call) active contribution from electric vehicles to the grid to increase reliability and [cut] (corrected by company after the call) costs.

We also partnered with PowerFlex, a division of EDF Renewables North America, to provide energy solutions for our commercial and industrial customers. The 2 projects in this partnership are battery energy storage systems with Georgia Pacific in Englehart and Great Lakes Copper in London. These 2 battery systems, which reached commercial operation in January of this year, are helping our customers optimize their energy consumption and reduce their overall energy bills.

And in our collective drive to net-zero, we continued our joint venture work with the Ivy Charging Network to create one of Ontario's largest and most connected electric vehicle charging networks. Ivy partnered with ONroute, the Ministry of Transportation and Canadian Tire last year to install EV fast-chargers to all ONroute locations, giving EV drivers an easy and reliable fast charger experience along Ontario's busiest highways. To date, 18 ONroute locations are up and running in time for this year's summer road trips.

We also partnered with the federal government to develop a pilot project for heavy-duty electric truck charging stations, establishing a model that could be used by other utilities and businesses.

So as we look ahead, Hydro One is uniquely positioned to energize life for our customers. We're ready to enable economic growth and support the unprecedented shift to a low-carbon economy through electrification. All of this represents a historic opportunity to decarbonize and meet our collective net-zero targets. It's an exciting time to be in the electricity sector.

Our employees take enormous pride in the critical role they play, and I'd like to thank the entire Hydro One team for their outstanding efforts and their ongoing commitment to our customers, each other and all Ontarians.

I believe that with our strong balance sheet, an attractive growing dividend and stable and sustainable operations, we are the utility of choice for investors. Thank you once again for joining us today and for choosing to invest in Hydro One.



**Paul Harricks**

Thank you, Chair. If shareholders wish to ask a question or make a comment, please enter your question in the text box under Ask a Question and hit submit. I will read the questions that are submitted via the web portal and consolidate questions of the same nature. The company does not intend to address any questions that are, among other things, irrelevant to the business of the company or to the business of the annual meeting, related to material non-public information of the company, related to personal grievances, derogatory references or that are otherwise in bad taste, repetitious statements already made by another shareholder, and out of order or not otherwise suitable for the conduct of the annual meeting as determined by the Chair or Secretary in their reasonable judgment.

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**Timothy Hodgson** - *Hydro One Limited - Independent Chairman of the Board*

Thank you, Paul. Have we received any questions on the line?

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**Paul Harricks**

We have not received any questions.

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**Timothy Hodgson** - *Hydro One Limited - Independent Chairman of the Board*

Okay. It sounds like we have happy shareholders. I think it's appropriate to conclude the question period at this point in time then. We wish to continue to facilitate open, effective and sustained dialogue between the Board, management and Hydro One shareholders and other stakeholders. I would like to refer shareholders and other stakeholders attending the meeting to the company's Corporate-Shareholder and Stakeholder Engagement Policy on our website if you have any further questions.

On behalf of the entire Board of Directors and Management Team of Hydro One, we thank you for your ownership interest and your attendance at our Annual General Meeting today.

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**Operator**

The conference of Hydro One has now concluded. Thank you for your participation. You may now disconnect your lines.

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