



# **Hydro One Limited**

**Edited Transcript**

**Annual General Meeting of Shareholders**

**June 2, 2023**

**Timothy Hodgson:** Good morning, everyone. I'm delighted to welcome you to the company's 2023 annual meeting of shareholders, which is taking place online and in person on the campus of Lakehead University in Thunder Bay, Ontario. I would like to acknowledge that we are meeting in person today on the traditional lands of the Fort William First Nation, signatory to the Robinson Superior Treaty of 1850. Our head office is located on the traditional territory of the Mississaugas of the First Credit Nation, the Haudenosaunee, and the Huron-Wendat. We recognize that these lands are now home to many First Nations, Inuit, and Métis peoples, including those of our respected guests who we are thankful could join us in person today.

As I shared moments ago, this meeting is taking place in a hybrid format. We are joined today by shareholders, proxy holders, and guests both attending in-person and online via audio webcast. We are delighted to have the opportunity to hold what we understand is the first annual meeting of a publicly traded company in Thunder Bay, in the presence of a number of our valued stakeholders, rights holders, and partners. We also appreciate that having the option to attend virtually provides our shareholders the ability to participate in the meeting regardless of their geographic location. On behalf of my fellow directors and management, we thank you for your ownership and interest in Hydro One and for participating in this hybrid 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.

Here with me this morning are members of our executive leadership team: David Lebeter, our President and CEO; Chris Lopez, our Executive Vice President, Chief Financial and Regulatory Officer; Teri French, our Executive Vice President Operations and Customer Experience; Megan Telford, our Executive Vice President Strategy, Energy Transition, Human Resources, and Safety; Andrew Spencer, our Executive Vice President Capital Portfolio Delivery; Cassidy McFarlane, our General counsel; Paul Harricks, Senior Advisor to the President and CEO; and Steven Mantifel, Strategic Advisor to the President and CEO. I'm also joined by Louise Meegan, our Corporate Secretary. I would also like to introduce my fellow director nominees who are with

us in person today, and maybe you could just put your hand up, so people could see you. Cherie Brant, David Hay, David Lebeter, Stacey Mowbray, Mitch Panciuk, Mark Podlasly, Helga Reidel, Melissa Sonberg, Brian Vaasjo and Susan Wolburgh Jenah. Thank you.

I would like to thank Mr. William Sheffield, who is not standing for re-election, for his contributions to our board since 2018 and for his service as our interim CEO and President. The Governance and Regulatory Committee conducted a search on behalf of the board to fill a vacancy created by Mr. Sheffield's departure from the board and is nominating Mr. Vaasjo for election to the board at this meeting. I would also like to thank Mr. Blair Cowper-Smith and Russel Robertson for their contributions to our board since 2018. Mr. Cowper-Smith and Mr. Robertson are not standing for re-election as they have reached the limit of their respective terms as directors. The province's new nominees standing for election at this meeting are Mr. Panciuk and Ms. Reidel.

Before we continue, I would also like to take a moment to recognize that Maureen Wareham, our former Corporate Secretary and an integral presence at our annual meetings over the years, has retired after 26 years of service with Hydro One. Maureen's distinguished tenure with the company touched on everything from corporate governance to strategic advice to the board, and she was instrumental to the establishment of our acclaimed code of business conduct and whistleblower programs. She is missed and we wish her well and the best in her retirement.

On our agenda today, we will first turn to the formal business of the meeting, following of which our President and CEO will speak. After David's remarks, there will be time for questions from our shareholders and duly appointed proxy holders both attending in-person and online. We ask that our shareholders and proxy holders attending in person hold their questions not related to business before the meeting until David concludes his remarks. Our shareholders and proxy holders participating online can also submit such questions through the text box in the bottom left corner at any time during the meeting, which may then be answered during the Q&A period if time permits. Guests attending the meeting will not be able to ask questions.

As the Corporate Secretary of the company, Louise Meegan shall act as secretary of the meeting today. Louise will record the proceedings of the meeting. Jeri Trotter and Rosemary Colakic from Broadridge Financial Solutions will act as scrutineers. Before we begin, I will ask Louise to speak to forward-looking information and to review the rules of conduct for transacting the business of the meeting.

**Louise Meegan:** Thank you, Chair. Good morning, everyone. First for the safety of those that are with us in person today, in the event of an emergency, please make your way through the door to the top of the auditorium and exit the building. Once you have exited the building, please make your way to the parking lot and await further instructions from a member of the Lakehead University staff. If you have any mobility issues, please remain seated and a Lakehead University staff member will assist you.

For those joining us in person today, I'd like to remind you that a printout regarding forward-looking information was made available to you at the registration desk. For those attending the meeting online, please note the link entitled "Forward-Looking Information" in the bottom right-hand side of your screen. The printout and link contain important information regarding forward-looking statements that may be made during our remarks this morning or by those speaking during the following question period. All listeners are encouraged to read this carefully, whether you are with us virtually or in person. To facilitate the formal business of the meeting, the company has asked employee shareholders to propose and second formal motions.

As this meeting is in a hybrid format, I'll now provide guidance regarding voting and questions relating properly to matters of business before the meeting. I'll start with information for those here with us in person and then provide guidance for those attending online. Shareholders and proxy holders attending in person may ask questions with respect to motions before the meeting by indicating that they would like to do so by raising their hand, at which time a staff member will

bring you a microphone. To respect everyone's time, we ask that you limit your questions to no more than one minute. You'll have the opportunity to ask questions regarding matters other than the business before the meeting, during the question period.

Those that are with us in person today can cast their votes by ballot on each motion. You can complete a ballot today if you are a duly appointed proxy holder or if you are a shareholder who has not already returned a proxy form or who wishes to change their vote. Broadridge provided ballots to shareholders and proxy holders upon registration this morning prior to you entering the meeting room. If you are a shareholder or a proxy holder and did not receive your ballot upon registration, please raise your hand now and a member of the Broadridge team will come and give them to you.

If you are a shareholder attending online who has not provided voting instructions or appointed a proxy holder and you wish to vote your shares, you do so by clicking on the "Vote Here" button on your screen at this time and at any time during the formal business of the meeting. 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. Shareholders and proxy holders attending online may ask questions at any time during the meeting by entering the questions in the "Ask a Question" box located on the bottom left-hand side of the screen and clicking Submit. We'll only respond to questions relating to items of business during the formal portion of the meeting. Other questions will be addressed during the question following our president's remarks.

If you're a shareholder or proxy holder attending online and you voted your shares before the start of this meeting, your vote has been received by the 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

Incorporated 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.

**Timothy Hodgson:** Thank you, Louise. We will now proceed with the meeting. The notice of meeting and the form of proxy of voting instruction form were mailed to all shareholders of record as of the close of business on April 21st, 2023. The 2023 management information circular for the meeting, together with our 2022 annual report containing the audited annual financial statements for the year ended December 31st, 2022, the auditor's report thereon and the related management discussion and analysis were made available through the “notice-and-access” system of the Canadian Securities Regulators. For those attending online, they are also available on the bottom right-hand side of your screen under 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 the affidavit will be kept with the minutes of this meeting.

**Louise Meegan:** The Scrutineers have provided a report regarding shareholder attendance based on the preliminary tabulation of proxies received to date; a quorum is present.

**Timothy Hodgson:** 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 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 31st, 2022, together with the auditor's report, both of which can be found in our 2022 annual report. The 2022 annual report is available to all shareholders through the investor relations page of our website and on SEDAR.

I ask the secretary to place the 2022 annual report before the meeting and keep it with the records of the meeting for those attending online. You can also access the 2022 annual report on the right-hand side of your screen under meeting materials. The next item of business is the

election of the directors of the company. The management information circular for the meeting lists the 11 director nominees. The nominees identified in the 2023 annual management information circular for election as directors, in addition to myself, are Cherie Brant, David Hay, David Lebeter, Stacy Mowbray, Mitch Panciuk, Mark Podlasly, Helga Reidel, Melissa Sonberg, Brian Vaasjo, and Susan Wolburgh Jenna, I now turn to Cassidy McFarlane, General Counsel, to make the nomination.

**Cassidy McFarlane:** Thank you, Chair. I nominate each of the director nominees named in the 2023 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 the respective successor is elected or appointed.

**Timothy Hodgson:** Thank you. As no notice of additional director nominees was received in accordance with the company's bylaws, I declare nominations closed. Louise, have we received any questions relating to this item of business online or by show of hands, are there any questions from shareholders or proxy holders in person on the election of directors?

**Louise Meegan:** No, Chair. We have not.

**Timothy Hodgson:** We will now proceed with a vote on this matter. I will ask Louise to first provide instructions for those voting in person followed by instructions for those voting online.

**Louise Meegan:** For those voting in person, you'll find under item number one on your ballot the names of the 11 nominees for election to the board of directors listed in the management information circular. For each nominee, please mark with an X in the box labeled "Vote For if you are in favor of the election of the nominated individual or in the box labelled "Withhold" if you are not in favor of the election of the nominated individual. Please sign your name on the ballot. This is for identification and verification purposes. Please do not insert any other name on the ballot.

If other names are inserted, your ballot will be spoiled, and the scrutineers will not count your vote.

For those voting online, you can vote on this item of business by clicking “Vote Here” on the right-hand side of your screen. Under item number one, you'll find the names of the 11 director nominees listed in the 2023 management information circular. You may vote for or withhold from voting for each of the nominees. As a reminder, 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.

**Timothy Hodgson:** Thank you, Louise. We will provide those voting in person a few moments to complete Item one on their ballot. Those voting in person are reminded to hold onto their ballots until we have addressed all items of business. The scrutineers will collect all ballots once all items have been voted on. The next item of business is the appointment of the company's external auditors for the ensuing year and authorizing the board of directors to fix their remuneration. I will turn to Paul to make this motion.

**Paul Harricks:** Thank you, Chair. I move that KPMG LLP will be appointed as the company's external auditors for the ensuing year and that the board of directors be authorized to fix their remuneration.

**Timothy Hodgson:** Thank you. I will now turn to Cassidy to second the motion.

**Cassidy McFarlane:** Thank you, Chair. I second the motion.

**Timothy Hodgson:** Thank you, Cassidy. Louise, have we received any questions relating to this item of business online or by show of hands, are there any questions from shareholders or proxy holders in person on the appointment of the external auditor?

**Louise Meegan:** Yes, Chair. We have.

**Cassidy McFarlane:** Chair, we simply have a point of order. We have a question about whether the slides are supposed to be changing, and for clarification, there is a single static slide.

**Louise Meegan:** I will take that question and I will confirm that that is accurate. The slides are not supposed to be changing. All information can be found in the meeting materials on Broadridge's site and if you direct your attention to the bottom right-hand corner of the screen. And back to you, Chair.

**Timothy Hodgson:** Thank you. We will now proceed with a vote on this matter. I will ask Louise to first provide instructions for those voting in person followed by instructions for those voting online.

**Louise Meegan:** For those voting in person under item number two, please mark your ballot with an X either in the box under the word for if you are in favor of the motion or in the box under the word withhold if you're not in favor of the appointment of the external auditor. You may not for any accounting firms other than KPMG LLP. For those voting online, click "Vote Here" on the right-hand side of your screen to vote on this item of business. Under item number two, you may either vote for or withhold from voting in respect of the motion. You also may not vote for any accounting firm other than KPMG LLP.

**Timothy Hodgson:** Thank you, Louise. We will provide those voting in person with a few moments to complete item two on their ballot. As a reminder, 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. The last item of business today is an advisory vote on executive compensation, otherwise known as a "say on pay" resolution.

As described in the 2023 management information circular for this meeting, Hydro One 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 talents. I note that executive salaries are not included in electricity rates. In other words, our ratepayers do not pay for executive compensation. The “say on pay” vote forms an important part of our ongoing process of engagement with shareholders. I will turn to Cassidy to make the motion.

**Cassidy McFarlane:** 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 management information circular delivered in advance of the 2023 annual meeting of shareholders of the company.

**Timothy Hodgson:** I will now turn to Paul Harris to second the motion.

**Paul Harricks:** Chair, I second the motion.

**Timothy Hodgson:** Thank you, Paul. Louise, have we received any questions relating to this item of business?

**Louise Meegan:** No, Chair. We have not.

**Timothy Hodgson:** We will now proceed with a vote on this matter. I will ask Louise to first provide instructions for those voting in person followed by instructions for those voting online.

**Louise Meegan:** For those voting in person under item number three, please mark your ballot with an X either in the box under the word for if you're in favor of the motion or in the box under the word against if you're not in favor of the motion. For those voting online, click “Vote Here” on the right-

hand side of your screen to vote on this item of business. Under item number three, you may either vote for or against in respect of the motion. You must click Submit for your vote to be counted.

**Timothy Hodgson:** Thank you, Louise. We will provide those voting in person with a moment to complete item three on their ballot. Those voting online must click submit in order for your vote to be counted. As a reminder, 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.

**Louise Meegan:** The polls are now closed with respect to voting on all motions. As this is the final item of business, we ask those voting in person to return their ballots to the scrutineers. Scrutineers, can you please proceed to collect the ballot?

**Timothy Hodgson:** Based on the proxies received, each of the director nominees has received a majority of votes cast in favor of their election as a director. I confirm that each of the 11 director nominees named in the 2023 management information circular have been elected as directors. Congratulations. As the company has received a sufficient number of proxies in favor of the appointment of auditors, the motion to reappoint KPMG LLP as the company's external auditor is carried, and the board of directors is authorized to fix their remuneration. The company received proxies in favor of the "say on pay" advisory vote representing approximately 95% of those cast by proxy prior to the meeting.

The final report on voting results provided by the scrutineer after the meeting will be incorporated into the minutes of the meeting. We will also post the final voting results on our investor relations page of our website, and we will file the results on SEDAR. Since there are no other matters of business that have come before the formal part of the meeting, I will declare the meeting terminated. I would now like to turn to David Lebeter, our President and CEO, who will make his

remarks. After hearing from David, we will open the floor to take questions from our shareholders and proxy holders in person and online.

**David Lebeter:** Thank you, Chair, and good morning, to everybody who's joining us online and everybody who's joining us here in Thunder Bay. It's certainly a thrill for me to be here in Thunder Bay and I'm really looking forward to the coming days. As Tim said, my name is David Lebeter and I'm your President and CEO, and just so happy to be here. This morning, I'm going to share a few of the highlights from 2022 and what an amazing year we had in 2022. And I'm hoping by the time I finish my remarks, you'll agree with me it was an amazing year and my remarks are going to be proof that our strategy is working.

The first thing, let me – there's three things that we will never lose sight of in this organization, and I just want to run through those quickly. The first one is that this is your company. You as the shareholders, we are here in your service. Second one is we energize life for Ontarians. I think that's becoming even more clear and through my remarks you'll see that even better. And my last point that is really important is nothing else matters if we don't do it safely. Safety has to be our number one priority.

I want to start with that as one of the highlights of 2022. In 2022, we had our best safety performance ever. We had our lowest number of recordable incidents and lowest number of serious incidents ever in this organization and we're in the top quartile across any industry and that's certainly a fantastic position to be in. But sadly, one of our Hydro One family members suffered a serious life-altering injury. That individual is recovering, but they still haven't recovered well enough to come back to work. So, although we had a great year from a safety perspective and we're heading in the right direction, our work isn't done there. We still have lots of more work to do to make this the safest organization that it can possibly be.

Another highlight for last year was our Indigenous equity model. For many, many years, Indigenous peoples across Canada have been fighting to have their rights respected. The rights were granted them under treaties and in the west the rights that weren't granted under treaties but are still valid. And we heard from our Indigenous partners last year that those rights include partnership, they include sharing, and they include respect. And through our Indigenous equity model, our 50/50 equity model, we're taking steps forward to honor those commitments that were made in those treaties so many years ago, and I'm so proud and I know the rest of the Hydro One family is so proud to be walking the talk and leading the way in reconciliation.

But over and above our 50/50 equity model, we're doing so much more. 20% of our charitable donations are targeted to Indigenous communities. We had an employment target of 3.5% of our employees will be Indigenous people. There's so much more. We're building relationship agreements with Indigenous communities that will last beyond projects and in fact, if we do this well, the relationships agreements will be created before we have projects in the territories. We're sourcing 5% of our spend from Indigenous businesses, not 5% of a select part of our spend, 5% of all our spend on goods and services. I think I challenge you to find another organization that's going as far as we are in that respect and lately, we've started talking about how do we power Indigenous communities? How do we ensure that all Indigenous communities have access to clean three-phase power? Lots more work to be done in this area, but so proud of the progress we've made.

Energy transition in Ontario. Last year, we saw the energy transition and economic development start to accelerate and that is only going to continue. Ontario is changing how it uses energy and it's changing it for the better. Today in Ontario, only 16% of the energy we use is electricity. About 16% is 90% green, so Ontario is already ahead of most jurisdictions in cleaning up its grid and making sure it's from non-carbon emitting sources, but only 16% of the energy uses electricity. And you can see that when you look at the government's pathways to decarbonization

report that shows that between now and 2050 to reach net zero in our energy sector, we have to spend around \$400 billion.

We've looked at that report and we think there's about a hundred billion there that has to go to transmission. Transmission is critical and what we like to say in Hydro One, there is no energy transition without transmission. Transmission is the linkage between the generating sources, the storage sources, the loads, and the distributed energy resources, and we're going to be an exciting part of that. Today, we're working on six transmission lines that are contributing that energy transition and that economic development, but there's more coming. There's two battery manufacturing plants and I'm optimistic we'll see more industrial development in Ontario.

We're helping to green the steel industry, that will continue for many years. We've got an agricultural sector down in the southwest that continues to grow and expand. We've got renewed interest in the mining sector in Ontario. There're critical minerals here and we've all seen the critical importance of minerals as we electrified the economy, and our population is growing. Last year over 450,000 new people moved to Ontario, and you can see that showing up in the residential housing construction that's happening across the province.

Today we're building six transmission lines that are going to support that economic growth, support that energy transition, and there's more coming. We know that. There's a hundred billion dollars of additional investments that are going to have to be made over the coming years. It's just the beginning as we see the expansion of renewables, storage, and further electrification. Let's not forget the growth in EVs. In 2021, 1% of the new vehicle sales in Ontario were electric vehicles. In 2022, that had jumped to 7%. That is only going to continue to accelerate.

Lastly, I want to talk a little bit about shareholder return. 2022 was a fantastic year for shareholders. Last year our TSR increased by 13.7%. Put that in comparative, last year, at the same time S&P 500 electric utilities index gained only 2.3%. Remember, we're up 13.7. That

index went up 2.3 and the S&P/TSX capped utilities dropped by 10.6%. So what a fantastic year for our shareholders, fantastic year for our employees, and a fantastic year for us to be setting in a new direction with our Indigenous partners, many of whom are in the room here with us today. In closing, I want to thank everybody for joining us here this morning. I want to thank you for your support of the organization, your ownership in Hydro One, and wish you all the best. With that, I'll turn it back to our Chair.

**Timothy Hodgson:** Thank you, David. At this time, we would like to open the floor to any other questions that shareholders or proxy holders may have relating to the company. I will ask Louise to review the guidelines for our question period.

**Louise Meegan:** Thank you, Chair. For our shareholders and proxy holders here with us in person, if you wish to ask a question, you may do so in the same manner as described in the formal part of the meeting by indicating that you would like to do so by raising your hand at which time a staff member will bring you a microphone. If you're a proxy holder, please state the name of the shareholder who gave you the proxy. As previously mentioned, to respect everyone's time, we ask that you limit your questions to no more than one minute. We may interrupt you if the question continues for too long of a time. If you're not asking a question, we kindly ask that you remain seated at this time.

For our shareholders and proxy holders attending online, if you wish to ask a question, please do so by entering the question in the text box under "Ask a Question" and then hitting "Submit". We'll read questions that are submitted and consolidate questions of the same nature. The company will not address any questions or statements that are, among other things, irrelevant to the business and affairs of the company, related to material non-public information of the company, related to personal grievances, derogatory, or are otherwise in bad taste, repetitive questions, or statements already made by another participant that are out of order or not

otherwise suitable for the conduct of the annual meeting, all as may be determined by the Chair in his reasonable judgment.

**Timothy Hodgson:** Thank you, Louise. Have we received any questions from our shareholders or proxy holders that are not with us in person today?

**Louise Meegan:** No, Chair. We have not.

**Timothy Hodgson:** Thanks, Cassidy. Let's see. Where do we go here? There are no questions in the room, so I think given there are no questions online or in the room, it's appropriate to conclude the question period for now. We wish to continue to facilitate open, effective, and sustained dialogue between the board, management, Hydro One shareholders, and other partners. I would like to refer shareholders and other partners 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 all for attending our 2023 annual meeting of shareholders.

**Operator:** The meeting is now concluded. Thank you for attending. You may now disconnect from the meeting.