

Discovering the **possibilities**

Commitment

About our sustainability report

The Alectra Inc. 2019 Annual Sustainability Report provides details about Alectra's social, environmental and economic impact, as well as issues that are of material interest to our stakeholders as validated through a third-party materiality assessment and a variety of engagement activities. Material issues include: Health and Safety/ Public Health and Safety; Infrastructure Modernization; Community Engagement; Climate Change; Customer Services; Energy Affordability; Waste and Material Management; Diversity and Inclusion; Employee Well-Being, Engagement and Development; Energy Efficiency; and Financial Performance.



Our sustainability commitment

As a sustainable company, Alectra is committed to meeting today's needs and the needs of future generations by empowering our customers, communities and employees, protecting the environment, and embracing innovation.

Our vision is to be Canada's leading distribution and integrated energy solutions provider, creating a future where people, businesses and communities will benefit from energy's full potential.

Our mission is to provide customers with smart and simple energy choices, while creating sustainable value for our shareholders, customers, communities and employees.

Our values are safety, respect, customer focus, excellence, and innovation.

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As one of Canada's leading energy companies, Alectra Inc. is shaping the future of energy.

We provide safe, reliable and innovative energy solutions to families and businesses across the 17 communities in our service territory, while maintaining financial strength and delivering greater value for our shareholders, customers, communities and employees.

We are proud of the progress we have made since the company's inception in 2017. We have brought people, processes and systems together to better serve our customers and our communities.

We hope you enjoy learning about Alectra's many achievements in 2019 in this, our third Annual Sustainability Report. We believe sharing our performance and progress in a transparent manner is one way of demonstrating our commitment to the three pillars of sustainability – People, Planet and Performance.



About Alectra

Alectra Inc. (Alectra) is an investment holding company with a head office in Mississauga, Ontario that owns 100 per cent of the common shares of each of: Alectra Utilities Corporation (Alectra Utilities); and Alectra Energy Solutions Inc. Alectra Energy Solutions Inc. wholly owns Alectra Energy Services Inc., which in turn has two wholly owned subsidiaries: Alectra Power Services Inc.; and Util-Assist Inc.

Alectra Utilities Corporation provides electricity distribution services to more than one million customers in 17 Ontario communities and is the second largest municipally owned local distribution company (LDC) in North America, by customer count. In addition, Alectra Utilities operates a non-regulated commercial rooftop solar photovoltaic generation business.

Alectra Energy Solutions Inc. provides competitive energy solutions through the use of innovative technologies.

Alectra Energy Services Inc. provides wholesale metering and sub-metering services (electricity, water, gas and thermal) for condominium and commercial properties; bulk meter testing, verification and installation; and consulting, installation, operation and maintenance of distributed energy resources.

Alectra Power Services Inc. provides high-voltage and street lighting services.

Util-Assist Inc.¹ is a recognized innovator in technology and data-driven solutions for utilities.

1. In 2020, Util-Assist Inc. completed an investment in Grid4C, a leading company in providing artificial intelligence (AI) and machine learning solutions for the energy industry.

Sustainability at Alectra

Our sustainability framework – AlectraCARES

We have embedded sustainability principles into our core business strategy and operations in order to create enduring value for customers and the communities we serve. AlectraCARES is the umbrella framework that governs how our efforts to become a more sustainable company are connected according to the three pillars of sustainability – People, Planet, Performance.



At Alectra, we believe we have an important role to play in helping customers and the communities we serve discover the possibilities of a new energy future.”

Brian Bentz
President and CEO, Alectra Inc.

People

93%

Customer satisfaction

“EXCELLENT” RANKING
In Diversity & Inclusion by
Electricity Human Resources
Canada

**YWCA WALK A MILE
IN HER SHOES**
Top Fundraising Team

\$1.1M

AlectraCARES community
investment

OVER 1 MILLION
Customers connected

**SMART 50 COMMUNITY
ENGAGEMENT AWARD**
Advantage Power Pricing
program recognized as one of
the most transformative and
influential smart cities projects
in the world

\$110,000

Employee giving initiatives

**SUSTAINABILITY
LEADERSHIP AWARD**
Canadian Electricity
Association – Max Cananzi,
President of Alectra Utilities

**SENIOR LEADERSHIP
POSITIONS**
32 per cent women



Imagine Canada

First electric utility in
Ontario to be awarded
the Caring Company
designation

Planet

19%

Reduction in GHG emissions
(1,817 tCO₂e)

REDUCED SINGLE-USE PLASTICS
By eliminating plastic straws
and take-out containers

52,997

LED bulbs installed in
streetlights

FUEL EFFICIENT VEHICLES
38 of 575 fleet vehicles are
electric or hybrid models

25.42GWh

Solar energy generated
by Alectra-managed solar
projects

LEED® CERTIFICATION
Barrie office building
and service centre –
fourth LEED certification



2019 Environmental Excellence Award

Electricity Distributors
Association – Recognized
for achievements in the
AlectraCARES Planet pillar
of sustainability

Performance

99.6%

Reliability

CORPORATE KNIGHTS
Alectra ranked as one of the
50 Best Corporate Citizens in
Canada – an annual ranking of
sustainability performance

\$544M

Electricity distribution
revenue

**2 CANADIAN ELECTRICITY
ASSOCIATION – CENTRE OF
EXCELLENCE AWARDS**
Recognizing Canadian
innovation and cutting-edge
technology in the electricity
sector

\$338M

Total capital investment

\$5.1 BILLION
Total assets



Alectra GRE&T Centre

The Green Energy &
Technology Centre
(GRE&T) was established
when Guelph Hydro
merged with Alectra

Creating a cleaner, brighter future

Norm Loberg, Chair of the Alectra Board of Directors and Brian Bentz, President and Chief Executive Officer of Alectra Inc. provide their perspective on sustainability, integration and 2019 highlights.



Brian Bentz
President and Chief Executive Officer

Norm Loberg
Chair of the Board of Directors

Sustainability

How is sustainability integrated and embedded at Alectra?

NL: Sustainability is built into the charters for the Board and its committees. All opportunities and operational matters submitted for Board review are examined within the context of sustainability. In 2019, management and the Board approved a 20 per cent greenhouse gas reduction target.

BB: Sustainability is the bedrock on which our company is built and is woven into our vision, mission, values, strategic plans, and corporate policies. We have created dedicated positions and operating budgets to ensure continued progress on our sustainability journey, and we track our performance using a balanced scorecard.

Integration

How has Alectra fared since its formation in 2017?

NL: In the three years that Alectra has been in existence, we merged three companies, acquired a fourth, and subsequently, merged with a fifth. What is remarkable is that we have met or exceeded all the targets we set for ourselves and carried through on the promises we made to our shareholders, while maintaining industry leading customer service. The performance of our employees and their commitment to making this work has been absolutely outstanding.



We can proudly say that one of our greatest achievements in 2019 is completing the most complex integration project in Ontario utility history.”

Brian Bentz
President and CEO, Alectra Inc.

BB: A utility integration of this complexity is unprecedented in Canada. In three years, we branded the new company; integrated our computer networks; combined our design standards; converged most of our core information systems; consolidated control rooms; established policies; and successfully integrated our workforces, all while maintaining a customer satisfaction rate of 93 per cent.

The resulting synergies are on track to generate economic benefits of half a billion dollars through lower costs and more efficient processes. We expect these merger benefits to continue resulting in lower costs for our customers and enhanced investment returns for our municipal shareholders, further benefitting the communities we serve.

Together, our employees are building the foundation of this new company that will be, and in many respects already is, Canada's leading integrated energy solutions provider.

Operational highlights

What are some of the most significant accomplishments achieved by Alectra employees in 2019?

BB: In 2019, we continued to build on our core values. The health and safety of our employees and communities remained a top priority, and we successfully integrated people, processes and systems together to better serve our customers and communities.

On January 1st, we officially welcomed Guelph and Rockwood into the Alectra family, moving us over the one million customer mark. Alectra Utilities now serves approximately 20 per cent of electricity customers in Ontario.

We completed the convergence of the customer care and billing systems from our predecessor utilities into a single, industry-leading solution that positions us well to meet our customers' current and future needs. We also succeeded in integrating our Enterprise Resource Planning (ERP) system and Geographic Information System/Operations Management System (GIS/OMS). These large, complex projects are already contributing cost savings and customer benefits.

Three other major undertakings that were completed in 2019 were: the development of a consolidated Asset Management Plan encompassing Alectra's complete territory; publication of our consolidated Conditions of Service; and submission of Alectra's first combined rate application and Distribution System Plan to the Ontario Energy Board.

Another key milestone was the opening of our innovation hub, the Green Energy & Technology (GRE&T) Centre, that will serve as a bridge between research and development and commercialization for green technology solutions. At the GRE&T Centre, some of the best and brightest talents in the industry will collaborate to develop clean, customer-friendly energy solutions in three strategic areas: smart cities; grid innovation; and advanced planning. During a launch event in June, Natural Resources Canada announced \$3 million in funding for two of our GRE&T Centre projects that will help create smarter, greener cities and communities.

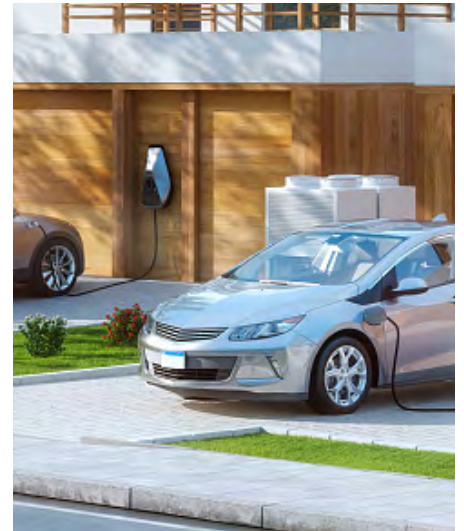
These are just a few of the many achievements our employees accomplished in 2019 to bring value to our customers, to our communities and to our shareholders.



Norm Loberg
Chair of the Board of Directors



Brian Bentz
President and Chief Executive Officer



Discovering the possibilities of a bright, new energy future

The electricity industry is undergoing a historic transformation as distributed energy resources and storage, digital intelligence and electrified transportation reshape the energy landscape. At the same time, customers are expecting utilities to offer expanded choices and personalized digital experiences like those offered by retailers, banks and the entertainment industry.

In response, Alectra is forging ahead, repositioning the company to take advantage of new market opportunities. To help focus our efforts, we established the GRE&T Centre, a dedicated innovation facility that is unique in Ontario's utility sector.

A new energy future

Alectra's President and CEO, Brian Bentz, explains his vision for the future.

What is your vision of a new energy future and of the role Alectra can play in helping create this future?

BB: Traditional utility business models are being disrupted at an ever-accelerating pace by four global trends called the four "Ds": decarbonization, digitization, decentralization and democratization. Regulators, policy makers and electricity distributors need to work together to reimagine, rethink and *discover the possibilities* for utilities in this new, emerging energy landscape. We must reform the utility sector to harness opportunities to provide customers with new and different services, while continuing to earn the public trust by delivering on our responsibilities.

I see the future of energy as a more interactive and interconnected ecosystem of power delivery and generation that empowers consumers. It is about taking the traditional, centralized delivery system and integrating it with an advanced, intelligent

and interactive network. This will allow for a new energy economy at the edge of the grid, where we will see more distributed energy resources, behind-the-meter generation, e-mobility connectivity, home area management systems and microgrids seamlessly working together to produce a more efficient and low-carbon grid.

I believe Alectra will be at the forefront of a new energy distribution system. We will be the enabler of an advanced grid, bringing emerging technologies together with the traditional grid to optimize energy resources and empower consumers.

What opportunities is Alectra pursuing to diversify and modernize the services it provides?

BB: To keep ahead of the curve, you must have a keen understanding of emerging technologies and consumer wants and needs. Innovation is about taking these emerging technologies, considering where



you see the grid going, and matching them against customer needs. It is about pulling it all together in an intelligent way and presenting consumers with complete packages of energy solutions.

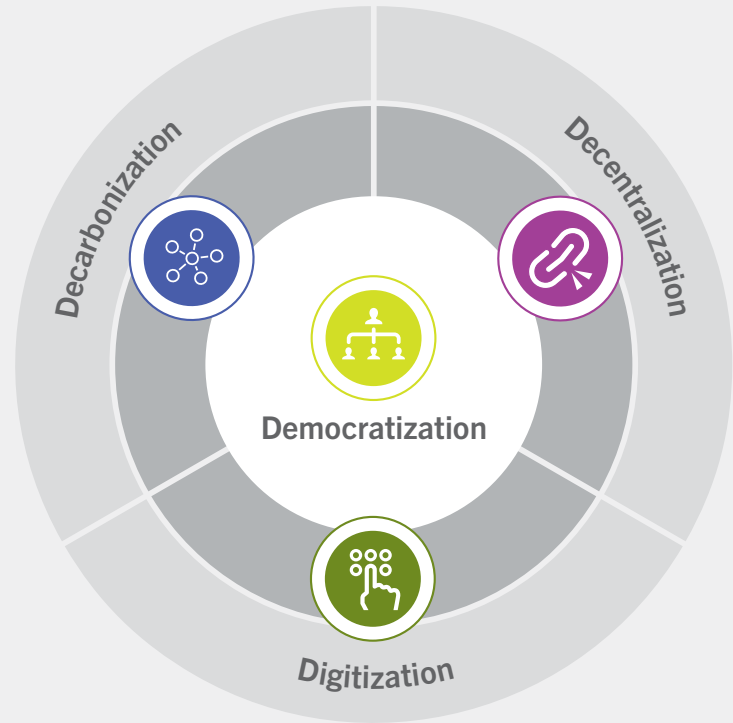
As part of our vision of being an integrated energy solutions provider, we are no longer just distributing energy. Our Energy Solutions and Services group provides customers with behind-the-meter solutions including planning, installation, operation and maintenance of generation and storage; maintenance of high-voltage equipment; installation and maintenance of street lighting; testing and verification of bulk meters; and sub-metering of electricity, water, gas and thermal power for apartment buildings and condominiums. By offering integrated energy solutions along with power delivery, we can provide a comprehensive package of services that I don't think anyone else can offer.



Whether it is working on a “first-of-its-kind” virtual power plant, a blockchain-powered transactive energy platform or a non-wires alternative demonstration project, Alectra is at the forefront of energy innovation.”

Brian Bentz
President and CEO, Alectra Inc.

Changing Industry: The 4 Ds of Disruption



1

DECARBONIZATION

Renewable energy, energy storage, electric vehicles.

2

DECENTRALIZATION

Distributed energy resources, microgrids.

3

DIGITIZATION

Transactive energy markets, two-way flow of energy and data, blockchain technology, smart devices, consumer energy technology*, digitized grid operations.

4

DEMOCRATIZATION

Prosumers**, sharing energy economy.

* Smart thermostats, rooftop photovoltaic (PV) systems, electric vehicles and charging stations, energy storage, connected home energy management systems, digital assistants.

** Someone who produces and consumes energy. The utility customer of tomorrow may be a prosumer, selling excess power from their rooftop solar installation or stored in their electric vehicle battery to their neighbours or the grid.

The Alectra GRE&T Centre

Where great minds collaborate, to power a better tomorrow.

Alectra is passionate about championing innovation for the benefit of customers and embracing leading-edge technologies to shape the future of energy. With these goals in mind, Alectra established the GRE&T Centre – a unique, collaborative innovation hub. This is where great ideas for smarter, more efficient green technology solutions can be accelerated for commercialization in three strategic areas: Smart Cities, Grid Innovation and Advanced Planning.



SMART CITIES

AlectraDrive @Work and AlectraDrive @Home

AlectraDrive @Work is a multi-year pilot program that aims to demonstrate the value of smart electric vehicle (EV) charging systems for workplaces, the second most common charging location for EVs. Currently, the program is deployed at the Markham Civic Centre and Alectra's corporate head office in Mississauga. For the AlectraDrive @Home pilot program, Alectra is also working with industry partners to conduct innovative research and demonstration pilots to gain insight into residential EV charging behaviour and the impact of EV charging on the local grid.



GRID INNOVATION

Power.House Hybrid Virtual Power Plant

Ten homes in Markham have been equipped with digitally managed electrical and thermal technology, integrated controls and real-time grid greenhouse gas (GHG) signals, to demonstrate how virtual power plants can reduce GHG emissions and lower customer energy bills by optimizing grid integration.





Alectra received the CEA Centre of Excellence award this year for our Advantage Power Pricing (APP) program.

ADVANCED PLANNING

GridExchange Transactive Energy Platform

With funding from Natural Resources Canada’s Green Infrastructure Program, Alectra is developing a transactive, blockchain-backed energy platform and app. This platform will offer customers the ability to participate in an energy marketplace that will feature a secure, real-time exchange and settlement process, with compensation and rewards paid instantly.

The Government of Canada is contributing \$3 million to support GRE&T Centre projects



Left to right: Dr. Giuseppina (Pina) D’Agostino (GRE&T Centre), Neetika Sathe (GRE&T Centre), Lloyd Longfield, MP for Guelph

A glimpse into the future of energy

Participating in the IESO York Region Non-Wires Alternatives demonstration project

Alectra is partnering with the IESO in delivering the IESO York Region Non-Wires Alternatives Demonstration Project, Canada’s first of its kind, aimed at designing and demonstrating a distribution-level distribution energy resources (DERs) market that is interoperable with the IESO wholesale market to offset system demand and defer, reduce, or avoid the need for traditional infrastructure investment in wires solution.

This pilot project, formally launched in late 2019, will be completed by the end of 2022, taking place in Southern York Region municipalities, including Vaughan, Markham and Richmond Hill, where electricity demand is forecast to outpace system capability within the next 10 years.

The project is a proof-of-concept, demonstrating how market constructs could be employed to use DERs as non-wires alternatives, while addressing Transmission-Distribution interoperability. The demonstration market will operate in a simulated, test environment that is isolated from the IESO market and system operations. Alectra will act as an Independent Distribution System Operator in the demonstration, facilitating third-party competition to secure and dispatch participating DERs in a transparent and fair manner.



People



“

Our employees care about our customers, the communities we serve and each other every day. Alectra means ‘bright’ and I see a very bright future ahead of us.”

Brian Bentz
President and CEO, Alectra Inc.



The ability of Alectra to succeed and provide maximum value to our stakeholders is tied directly to the strong, respectful relationships we forge with our employees, our customers, our shareholders, the communities we serve, as well as our business and industry partners. We strive to be industry leaders and trusted advisors, helping our stakeholders *discover the possibilities* as the energy industry evolves.

Employees

Turning business strategy into reality while adapting to a rapidly changing industry requires a knowledgeable, customer-focused and flexible workforce that lives our values, understands our goals and has the passion to *discover the possibilities* of how each individual employee can make a positive contribution to our future.

Investing in our employees

Alectra employees help bring to life our exciting vision to be Canada's leading electricity distribution and integrated energy solutions provider.

We work hard to create a dynamic and progressive work environment where employees are safe, respected, included and valued. We provide competitive compensation and benefits, open communication and opportunities to contribute to the company's future and to community well-being.

With emerging technologies impacting our sector, we encourage employees to pursue career development opportunities through internal or external training courses so they can reach their full potential.

Recognizing the physical health of our employees is important. We know that healthy employees are productive employees, which is why we established walking routes around six of our locations and invested in employee wellness programs to educate employees on such topics as mental health, stroke awareness, nutrition, healthy eating, sun safety and physical fitness.



1,446

Employees



31%

Women employees



36,729

Students receiving electrical safety education



Our efforts to keep people safe around electricity and all the work we do extends beyond our employees and contractors into the communities we serve.

Employee and community safety is our top priority

In all aspects of our business, the health, safety and well-being of our employees, contractors and the public always comes first. Over the past three years, we have consolidated our safety procedures, established an effective Joint Health and Safety Committee and provided a wide range of safety training for employees. We also continued to monitor AlectraSafe Days to track near misses, preventable vehicle incidents and environmental spills, and introduced a Back2Basics program to enhance safety practices.

In 2019, we recorded five lost-time injuries including two critical injuries. Our goal is to ensure that all of our employees go home safely at the end of every day. We will continue to strive relentlessly to do better and drive safety even more deeply into our culture.

Our efforts to keep people safe around electricity and all the work we do extends

beyond our employees and contractors into the communities we serve. In 2019, we promoted Dig Safe Month, published storm safety tips, and provided downloadable educational materials for elementary school teachers. In addition, almost 37,000 students in 87 schools learned about electrical safety through interactive presentations sponsored by Alectra.

Fostering diversity and inclusion

In 2019, we continued to strengthen our team by building a more diverse, inclusive and welcoming workforce. We have demonstrated our leadership in this area by the number of women we have on our Board of Directors (31 per cent) and on our senior leadership team (32 per cent). We have developed networking and mentoring opportunities to connect employees. We flew the Pride flag at all Alectra buildings to celebrate Pride week, celebrated Black History month, marked multicultural holidays, and held webinars on topics including Indigenous Cultures, LGBTQ2, Reverse Discrimination and Unconscious Bias.



At Alectra, safety is one of our core values
 Kicking off Dig Safe Month is (left to right)
 Chris Hudson, SVP Network Operations,
 Brian Bentz, President and CEO, Alectra Inc.,
 Max Cananzi, President, Alectra Utilities



Melanie Patenaude, Engineering Technologist

To encourage and inspire young women to *discover the possibilities* of pursuing rewarding careers in non-traditional roles, we have promoted Science, Technology, Engineering and Mathematics (STEM) for women by holding webinars, sponsoring, organizing and attending STEM events, holding a STEM Camp for Take Your Daughter to Work Day, and providing speakers for STEM conferences.

As a result of our efforts, Alectra has moved from an Intermediate level to an Advanced level with the Electricity Human Resources Canada (EHRC), which demonstrates the progress we're making with embedding diversity and inclusion in our corporate culture and values.



Our people are our most valuable resource. It is important that we support the well-being of our employees and empower our diverse workforce to deliver best-in-class work that supports our goal to be an employer of choice.”

Barb Gray
Senior Vice President, People and Safety,
Alectra Utilities



Natasha Gosse, Powerline Technician

Celebrating Lineworker Appreciation Day

On July 10, Alectra joined electricity companies across Canada to celebrate and recognize the important work performed by lineworkers. National Lineworker Appreciation Day was established by the Canadian Electricity Association to honour the highly trained men and women who maintain a complex electricity grid and work efficiently, safely and collaboratively to keep power on for our homes, schools and businesses. Alectra employees supported the initiative and contributed to the nearly 2,700 signatures on the petition that helped establish National Lineworker Appreciation Day.



Customers

We are transforming the customer experience by providing broader services, more choice and greater value. We are improving how customers receive and pay their bills, obtain outage information and sign up for services as a new customer.

Satisfying our customers with exceptional service

We know our customers trust us to provide safe and reliable electrical service, timely and accurate billing, a variety of service options and advice to help them make smart energy choices.

We regularly consult with residential and business customers to ensure we understand their evolving needs. In 2019, we conducted four focus group sessions, more than one dozen in-depth interviews with large users and surveyed more than 10,000 customers.

We measure our performance by participating in a third-party, industry-wide customer satisfaction survey. This annual telephone survey of 1,000 customers gauges their satisfaction with the quality of our services as well as the professionalism, attitude and helpfulness of our staff. With a rating of 93 per cent, customer satisfaction has increased for three years in a row.

When asked to compare the services they now receive from Alectra to what they received prior to the merger, 17 per cent of customers surveyed indicated that service has improved. Also, with the introduction of quarterly customer newsletters, simplified bills and an active social media presence, more than one-third of surveyed customers reported that customer communications have improved.

Maintaining top-notch customer service while converging customer care systems

Thanks to our employees' unwavering commitment to excellence, in 2019, we successfully combined four Customer Information Systems (CIS) into one industry-leading customer care and billing system to serve more than one million customers across 17 communities. This complex project, the largest CIS convergence project in Ontario utility history, was completed in an 18-month period while improving customer service levels year over year. This new platform streamlines customer care operations and ensures accurate billing while providing flexibility to adapt to regulatory and industry changes, and scalability to meet future growth.



We know our customers trust us to provide safe and reliable electrical service, timely and accurate billing, a variety of service options and advice to help them make smart energy choices.

Customer service (as per UtilityPulse survey)

	% Alectra 2019	% Ontario 2019	% Alectra 2018	% Ontario 2018
How satisfied customers are	93	92	91	89
Provides consistent, reliable electricity	93	91	92	90
Quickly handles outages and restores power	91	88	90	86
Customer-focused and treats customers as if they're valued	83	80	85	79
Is a company that is "easy to do business with"	87	83	84	82
Keeps its promise to customers and the community	84	83	85	80
Is a trusted and trustworthy company	86	85	85	81

Source: Annual Electric Utility Customer Satisfaction Survey – UtilityPULSE, a division of Simul Corporation.



Enhancing online services

In addition to being able to access a variety of forms online, customers can now use their smart phone to submit a photo when reporting a safety hazard or a downed power line.

As a new offering, those who are constructing a new home or business, require an upgrade to an electrical service, or need to relocate an electrical meter can now submit a service request via our website 24-hours a day. This new service has proven to be popular, with a significant number of requests being submitted after regular working hours or on weekends.

Owners of large commercial, industrial or multi-residential properties can submit an online request for their annual electricity and water consumption data for reporting under Ontario's Energy and Water Reporting and Benchmarking initiative that came into effect in mid-2019.

Serving as an ally for customers in need

Alectra's Customer Care team members are always ready and willing to help customers facing financial difficulties. They can arrange for flexible short- or long-term payment plans or can refer customers to social programs and community agencies for further assistance.

To assist those customers who may be struggling to pay their electricity bill, Alectra contributed over \$678,000 to the Low-Income Energy Assistance Program (LEAP) developed by the Ontario Energy Board. This program provides a one-time grant to those living below the poverty line through social service agencies.

Alectra also promoted the Ontario Electricity Support Program (OESP) and Ontario's AffordAbility Fund™. In 2019, 42,057 customers received a monthly on-bill credit through the OESP, and 3,914 eligible customers received energy-saving devices such as power bars, LED light bulbs and ENERGY STAR® appliances through the AffordAbility Fund.



42,057

Number of customers to receive a monthly on-bill credit through the OESP

\$678,496

Alectra's contribution to LEAP



I believe we can provide better service when we are more reflective of the communities that we serve. We get better solutions when we have access to more diverse, broader viewpoints. Bottom line, diversity is healthy for business and good for our customers.”

Brian Bentz
President and CEO, Alectra Inc.



Helping low income customers reduce their energy costs

In the fall of 2019, we spearheaded a successful campaign that helped promote the IESO Save on Energy Home Assistance Program. This program provides low income homeowners, tenants and eligible social housing providers with free energy efficient upgrades such as new insulation, energy efficient refrigeration and LED lighting.



\$1.1M

Contributed to local charities and not-for-profit organizations

Communities

Our commitment to enhancing the quality of life in the communities we serve remains steadfast. At Alectra, community engagement includes sharing the power of our people through volunteerism and supporting charities and not-for-profit organizations that promote sustainability, diversity and community well-being.

AlectraCARES Community Support Program

Alectra believes that empowering communities is a key component of our sustainability efforts. In 2019, we contributed \$1.12 million to local charities and not-for-profit organizations that share our vision of building sustainable communities to support their work within four areas of focus: local economic support, innovation, environment and culture, and healthy communities.



Giving back to our communities

For the third year in a row, Alectra employees provided strong support for United Way by donating \$76,000 through payroll deductions and special events. In addition, Alectra's largest corporate giving event, the Annual Charity Golf Tournament, attended by 500 golfers, raised \$325,000. Over the past three years, this event has raised almost \$1 million, which has enabled us to contribute valuable funding to foster healthy, diverse and sustainable communities through numerous social service agencies and local United Way networks including:

- United Way Greater Toronto, United Way Guelph Wellington Dufferin, United Way Halton & Hamilton, United Way Niagara and United Way Simcoe Muskoka.

Making wishes come true

In 2019, Alectra donated proceeds from our annual employee and family holiday parties to two organizations: the Children's Wish Foundation was supported with \$13,800, and more than \$9,000 was donated to Million Dollar Smiles, a local charity that raises money to bring a smile to the faces of terminally ill children. During the holiday season, employees also volunteered, raised funds and provided gifts to support local toy drives, food banks, and Adopt-a-Family programs.



In 2019, our employees donated more than \$110,000 to support a wide range of initiatives and causes that contribute to the sustainability of our communities.”

Brian Bentz
President and CEO, Alectra Inc.

SUPPORTING LOCAL CHARITIES



Children of all ages are often spellbound watching our line crews operate our boom trucks, so it was a treat for children to be able to climb on our vehicles and ask questions of our lineworkers and other staff at the 10th Annual Touch a Truck event in Ancaster. Proceeds from this event support education in Hamilton and the Juravinski Hospital and Cancer Centre.



A team of 23 cyclists and their families participated in the annual two-day Enbridge® Ride to Conquer Cancer for the Princess Margaret Cancer Centre. Since Alectra's inception, \$330,000 has been raised for cancer research.



Mental health is a crucial part of how well patients recover from an electrical burn. Thanks to the generous investment by Alectra, we will conduct the research needed to ensure the best possible outcomes for these patients.”

Dr. Marc Jeschke
Medical Director, Ross Tilley Burn Centre

Helping improve the lives of burn victims

The Ross Tilley Burn Centre at Sunnybrook Health Sciences Centre in Toronto is among the leading facilities in North America for treating burn victims. Approximately 12 per cent of its patients, including electric utility workers from across Ontario, arrive with electrical burns from workplace accidents.

Alectra is providing \$250,000 over five years to the Ross Tilley Burn Centre to fund pioneering research into the mental health impacts, including post-traumatic stress disorder (PTSD), experienced by victims of serious burns. With Alectra’s support, progress is now underway on the most comprehensive mental health study of its kind.

Supporting the mental and physical health of teens and children

Alectra has invested \$33,000 over three years in each of two Trillium Foundation initiatives: Project Zero, which aims to eliminate teen suicides in Mississauga and Peel Region; and Kid Fit, which focuses on childhood nutrition and its relationship to juvenile diabetes and other nutrition and fitness-related health disorders.

Collaborating with communities at Sustainability Roundtables

In 2019, Alectra hosted two Sustainability Roundtables that brought regional and municipal sustainability leaders from across Alectra’s service territory together with other sustainability experts to share best practices and recent initiatives to enhance community environmental and sustainability efforts. These events deliver immense value and demonstrate our commitment to ensuring a more sustainable future for the communities in which we live, work and play. They also serve as a good example of how collaboration and environmental stewardship are woven into the fabric of Alectra’s values, culture and identity.

A team of 27 Alectra employees donned red shoes and walked a mile through downtown Hamilton to raise awareness and more than \$8,000 to end violence against women.



Providing underserved youth with life-changing outdoor experiences

Alectra provided \$75,000 over a three-year period to Outward Bound Canada to expand its Urban Adventure Program for underserved youth into the Hamilton area. Many of the participating youth had never spent a day in a tent or any time in local parks or conservation areas. Programming that has been made possible through Alectra's funding includes:

- Adventure journeys for children and youth through the Boys and Girls Club of Hamilton and Big Brothers Big Sisters of Hamilton and Halton
- A three-day wilderness expedition program, including a restorative justice circle, in partnership with the Lloyd S. King Elementary School on the Mississauga of the Credit reserve near St. Catharines



Strong support for local community well-being

In 2019, Alectra provided support for a variety of charitable and community events across our service territory.

- Wesley Gala Dinner in Hamilton in support of vulnerable citizens
- Good Shepherd Hamilton Harvest Dinner fundraising event
- Greater Niagara Chamber of Commerce Women in Business Awards
- Hotel Dieu Shaver Tree-Lighting Celebration
- Mississauga Board of Trade Business Awards of Excellence
- Dancing with the Mississauga Stars fundraising event
- Hamilton YWCA, Walk a Mile in Her Shoes® event
- Peel Children's Centre's Wraparound Process Service
- Markham Stouffville Hospital Foundation's Mamma Mia Gala
- Evergreen Hospice (Markham)
- 10,000 Trees for the Rouge 30th Annual Tree Planting Event
- Lake Simcoe Conservation Foundation Outdoor and Environmental Education program
- Women & Children's Shelter of Barrie
- Guelph and District Multicultural Festival
- My World, My Choice Guelph
- 2019 Vaughan Mayor's Gala
- Hospice Vaughan
- City of Barrie Youth Arts Drop-In program
- Credit Valley Conservation Foundation's Youth Branch Out program (Mississauga)
- Wyndham House's Eat to Succeed program (Guelph)
- Jennifer Ashleigh Children's Charity Crisis Program (Service-territory wide)



Alectra believes that empowering communities is a key component of our sustainability efforts.

Above: Alectra's investment helps create healthy, diverse and sustainable communities by providing an opportunity for local youth to develop skills that will help them succeed.

Planet

“

Alectra is working to discover the possibilities with respect to leadership in environmental sustainability, demonstrating what can be done and encouraging others to act to help our one planet, our many communities and the next generation.”

Brian Bentz
President and CEO, Alectra Inc.



Environmental sustainability – specifically addressing climate change and reducing waste – is an issue of increasing urgency across the planet. Many of our shareholder municipalities have declared climate emergencies and enacted zero-waste policies.

Reducing emissions

At Alectra, we have an obligation not only to reduce our own carbon footprint, but also to inspire and help others to minimize their environmental impact.

Well on our way to reducing greenhouse gas emissions by 20 per cent

Recognizing that climate change is one of the biggest challenges facing our planet, at Alectra we are tackling climate change head-on. Our goal is to reduce greenhouse gas (GHG) emissions by 20 per cent by 2026, as compared to 2016 levels.

Since setting our baseline in 2016, we discovered that more than 60 per cent of our emissions came from our corporate

fleet. In response, we implemented a policy to ensure our vehicles don't idle needlessly while parked, adopted new fuel-efficient vehicle specifications and increased the number of hybrid and electric vehicles in our fleet. In addition, we also improved the energy efficiency of our buildings and used less natural gas for heating and cooling. At our Guelph office, eight boilers that had reached end of life were replaced with four energy efficient units to reduce energy consumption and emissions.

As a result of these and other actions, by the end of 2019, year three of our 10-year plan, Alectra had a decrease of 1,817 tonnes CO₂e, or a 19 per cent reduction compared to the 2016 baseline.

	2016	2017	2018	2019
Scope 1 – Fleet fuel, natural gas and SF ₆	8,861	8,578	8,112	7,006
Scope 2 – Electricity and district heating and cooling	730	413	701	768
Total tCO ₂ e	9,591	8,991	8,813	7,774
% reduction		6%	8%	19%

1. GHG emissions were calculated in accordance with the principles and requirements of ISO 14064-1, and the Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard.

2. The calculations took into account 10 facilities, comprised of three corporate offices in Mississauga, Vaughan and Hamilton and seven service centres in Markham, Brampton, Mississauga, Barrie, St. Catharines, Hamilton and Guelph. Excluded are substations and transformer stations. The 2016 baseline was adjusted to include the Guelph facility.

3. The 2017-2018 electricity emissions were adjusted following the 2019 release of Canada's *National Inventory Report 1990-2017: Greenhouse Gas Sources and Sinks in Canada* showed that between 2016 and 2017 Ontario's electricity consumption intensity emission factor shifted notably from 40g CO₂e/kWh to 20g CO₂e/kWh.

Mobilizing employees through our “One Planet” program

An important component of our sustainability framework is our “One Planet” program that focuses on reducing greenhouse gas emissions and waste. This program has helped mobilize our employees to implement projects that are resulting in tangible environmental benefits

19%

Reduction in greenhouse gas emissions

>25GWh

Solar energy generated – enough electricity to power 2,800 homes for one year

40

Alectra employees supported Credit Valley Conservation by participating in Canoe the Credit dragon boat races

1

Organic waste collection program launched in our corporate head office



600

Binders donated to Peel Region for redistribution to teachers and students



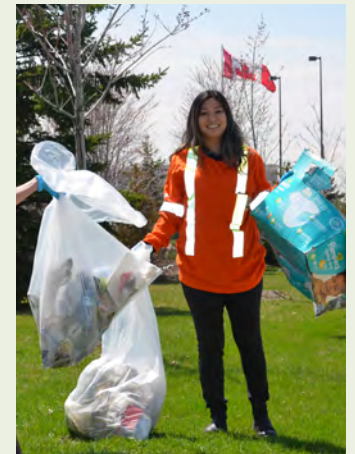
9

Solar powered EV chargers

>370

Tonnes of air pollution avoided by offering carpool and vanpool programs





20

Bags of litter collected as part of the annual Vaughan 20-Minute Makeover



\$59M

Distributed for energy conservation incentives to customers who saved a combined total of more than 308 gigawatt hours of electricity



10

Oil containment systems installed to provide protection against oil spills and leaks from transformers



300

Trees and shrubs planted in Brampton's Chris Gibson Park by the Alectra GREEN Team and students as part of the Credit Valley Conservation Youth's Corp Branch Out program



2,000

Cubic metres reduced through our water conservation measures

308 GWh

Energy conserved by customers

Energy conservation and efficiency

Waste and materials management

With environmental stewardship in mind, to make the disposal of organic waste easier, we established a new compostable waste collection system at our head office.

We also worked with suppliers to replace or eliminate single-use plastics within our facilities. Our cafeteria food service provider, Dana Hospitality, now supplies wooden stir sticks, biodegradable straws and compostable coffee cups, soup bowls and take-out containers.

Employees continued to recycle items at our offices including:

- 3,710 kilograms of electronic waste diverted from landfills
- 1,832 kilograms of used clothing and other textiles donated to the Kidney Foundation of Canada

We also continue to track our water usage (27,689 cubic metres in 2019) and reduced our water consumption by more than 2,000 cubic metres in 2019, enough to fill more than 4,500 500-millilitre bottles of water.

Assisting customers in their energy conservation efforts

By the end of 2019, Alectra assisted customers in saving more than 308 gigawatt hours of electricity – equivalent to the annual consumption of approximately 33,800 typical households – dispersing more than \$59 million under provincial energy conservation programs.

Alectra also launched the Email Community Conservation Program for residential customers in Mississauga and Brampton. Under this program, selected ebilling customers receive a customized energy report by email. Coupled with 24/7 access to a web portal, our customers can compare their historical usage with their peers and receive personalized energy savings advice to help them use less electricity and save money.



Inspiring the sustainability leaders of tomorrow

As a sustainable company, we believe we have a responsibility to encourage students to pursue studies and conduct research to ensure continued progress toward the environmental, social and economic health of communities. To this end, we have created two awards:

- The **Alectra Graduate Award in Sustainable Energy** is available annually for eligible students in the Faculty of Environmental Studies at York University who are focusing their studies on energy conservation and efficiency or renewable energy.
- The **Alectra Graduate Fellowship in Sustainability Management** is presented annually to a student enrolled in the Master of Science in Sustainability Management (MScSM) program at the University of Toronto who has demonstrated a genuine commitment to advancing sustainability.



The Alectra Graduate Fellowship marked one of the first times that my commitment to clean energy was recognized and allowed me to better focus on my education and opportunities.”

Rylan Urban
University of Toronto student and Alectra Graduate Fellowship recipient



Sustainability leaders of tomorrow

Rylan Urban, the inaugural recipient of the Alectra Graduate Fellowship in Sustainability Management, was subsequently named as one of Corporate Knights’ Top 30 Under 30 sustainability leaders. Rylan launched Solar Power Canada and is the founder of energyhub.org, a comprehensive Distributed Energy Resource information site for consumers.



1st

Alectra Graduate Fellowship in Sustainability Management awarded

Performance



“

At Alectra, we are continuing to build on our legacy of providing safe, reliable and affordable energy services while we work to discover the possibilities of the utility of the future. We actively measure our performance to ensure continuous social, environmental and economic improvements – People, Planet, Performance.”

Brian Bentz
President and CEO, Alectra Inc.



Alectra is outperforming on its original targets and has developed a solid reputation for innovation and excellence. We are proudly continuing to deliver value to our customers and our communities through disciplined financial administration, careful management of risks, cost-effective and efficient business practices and strategic investment to strengthen and modernize our distribution grid and our overall enterprise.

Strategic performance

Staying true to our word on commitments

In the last three years, we exceeded our strategic priorities established for the consolidation:

- Managing the integration
- Optimizing operations and enhancing customer experience
- Growing the business
- Building corporate resilience

As we progressed through the consolidation transition, we successfully maintained customer satisfaction. We also worked hard to preserve strong ties with the municipalities we serve through our AlectraCARES community support program and shareholder engagement.

Looking forward, we are evolving our business strategy with emphasis on improving the customer experience, sustainability and achieving optimal operational performance as we adapt to changes in our industry and our customers' needs.



\$544M

In electricity distribution revenue



>1M

Residential and commercial customers



\$130M

For grid modernization and renewal

Addressing major risks – Brian Bentz, President and CEO, Alectra Inc.

Q. What major risks keep you up at night?

Number one is safety. I want everyone to go home safely at the end of every day. I want public safety to be adhered to at all times. We work with a very dangerous product, electricity, but it doesn't have to be dangerous if it is respected and it is managed properly.

Number two would be our ability to adapt to the changing expectations of our customers and the potential new market entrants who wish to establish relationships between us and our customers. We need to continue to maintain strong, trusted, valued, relationships with our customers so that we can provide them with the energy solutions of the future.

Number three is cyber-security and data protection. Whether it is electricity infrastructure or our back-office systems, methods of attack are increasing, and our sector is a common target. We consult with cyber-security experts and have taken steps to establish a best practice defense posture to protect our customers and our equipment against attacks.

Mitigating risk

Alectra has implemented an Enterprise Risk Management System Framework to provide a coordinated approach to assessing and responding to risks that have the potential to impact the achievement of strategic objectives.

In 2019, the Enterprise Risk Management team completed an Emergency Preparedness and Business Continuity Risk Assessment and People Team Risk Assessments. Staff also participated in a two-day North America Electric Reliability Corporation Energy Grid Security Exercise (GridEx), which provides utilities with the opportunity to demonstrate how they would respond to and recover from simulated cyber and physical security threats.

Operational performance

A consolidated Alectra-wide Asset Management Strategy

In 2019, we completed an Alectra-wide Asset Management Strategy and submitted it to the Ontario Energy Board as part of our first-ever Alectra Utilities Distribution System Plan.

Evaluating the risk of aging infrastructure and determining whether to extend the life of existing assets or replace them is a critical component of our strategy. With a goal of reducing outages, we perform diagnostic testing to determine the exact condition of equipment and assets, consider the impact of the more severe weather events associated with climate change and conduct a careful cost-benefit analysis before making decisions.



Investing to enhance reliability

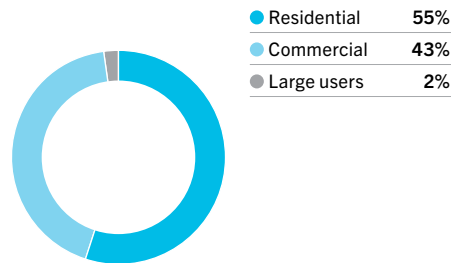
Alectra has invested in intelligent, advanced technologies that enable us to better serve our customers and improve reliability. These “self-healing” technologies, the hallmarks of a smart grid, automatically detect problems on our network, isolate trouble areas, reroute electricity flow and restore power to affected customers.

Our highly trained control room operators monitor the performance of our network 24/7. In 2019, we improved the efficiency of our operations by consolidating our control rooms, integrating systems and ensuring backup systems are in place. This, combined with emergency repair crews stationed across our service territory, will result in quicker power restoration and additional capacity to call upon in the event of widespread, storm-related outages.



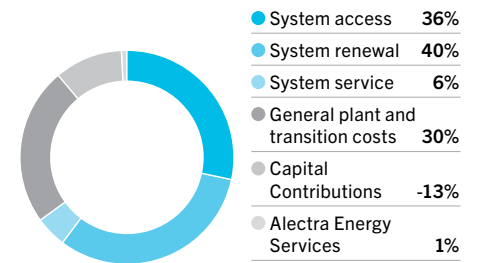
Distribution revenue by customer class (2019)

\$544M



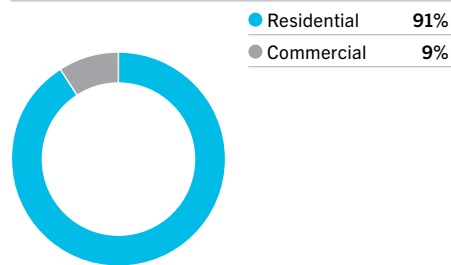
Capital expenditure (2019)

\$338M



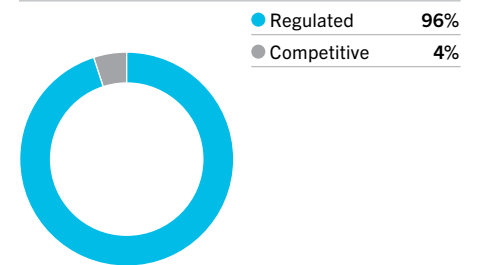
Customer count (2019)

1M



Property, plant and equipment and intangible assets (2019)

\$3.67B



“

We are strategically investing to strengthen and modernize our distribution grid to make it more resilient, reliable and secure, while incorporating the advanced technologies necessary for the growing integration of distributed energy resources.”

Max Cananzi
President, Alectra Utilities

Investing in grid modernization

With capital investments of approximately \$338 million in 2019, our construction crews were kept busy working across our service territory, renewing aging equipment and installing new infrastructure to handle growing demand. We also upgraded portions of our network to enable more widespread integration of distributed energy resources.

Continued capital investments in grid modernization are essential to maintain system reliability and make the changes necessary to build the utility of the future.

Some major grid modernization projects in 2019 included:

\$8 million multi-phase project in Hamilton (Dundas) completed

The final phase of a five-year project to replace the old four-kilovolt system with new, higher voltage 27.6-kilovolt capacity was completed in 2019. Upgrades included the installation of 291 poles, 91 transformers and 16 switches as well as the replacement of 25.2 kilometres of overhead lines.

\$1 million to repair aged underground cables in Markham

In order to improve reliability, Alectra repaired a significant amount of existing underground high-voltage cables between Kennedy Road and McCowan Road, north to 16th Avenue and south to Highway 7.

\$2 million to relocate electrical distribution equipment in St. Catharines

Alectra removed poles and wires from residential backyards and installed new equipment on road allowances.

This will enable Alectra to service the infrastructure without directly impacting the homes of residents.

\$3.6 million to upgrade and relocate distribution infrastructure in Guelph

Alectra relocated and upgraded distribution infrastructure on Speedvale Avenue East to accommodate a City of Guelph road-widening project.

\$2.5 million in 2019 to renew and upgrade our equipment serving Mississauga

This project took place along the eastern side of Copenhagen Road, north of Derry Road and saw the installation of new underground cable and transformers including 5.7 kilometres of primary cable and 30 transformers.



\$800,000 invested in Barrie

Alectra removed rear lot servicing and converted the infrastructure to underground road allowances, which will improve and increase the reliability in the area.

\$7 million in Vaughan to accommodate future growth

A road widening project along Bathurst Street will accommodate the new Light Rail Transit (LRT) project that will serve homes and businesses in the area.

CAUSES OF POWER OUTAGES

39%

Scheduled maintenance



35%

tree contacts, weather, wildlife interference, vehicle accidents & other



26%

equipment trouble



Financial performance

Summarized financial disclosure 2019

The financial information, unless otherwise stated, has been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in effect at December 31, 2019 with comparatives for the 12 months ended December 31, 2018.

Selected consolidated financial information¹

(C\$MM)	2019	2018
Operations		
Revenue		
Electricity sales	3,138	2,850
Distribution revenue	544	505
Other		
Regulated	50	53
Non-regulated	47	38
	3,779	3,446
Expenses		
Cost of power	3,167	2,833
Operating expenses	296	261
Depreciation and amortization	158	140
Loss on derecognition of property, plant, and equipment	0	1
	3,621	3,235
Income before financial expenses and taxes	158	211
Net finance costs	(74)	(63)
Income tax expense	(20)	(39)
Net income	64	109
Balance Sheet Summary		
Total assets	5,056	4,655
Loans and borrowings (includes short term debt)	2,167	1,944
Total shareholders' equity	1,747	1,689
Property, plant and equipment, right of use assets and intangible assets ²	3,667	3,268
Cash Flow Summary		
Cash at beginning of period	16	122
Net cash from operating activities	406	304
Net cash used in investing activities	(363)	(342)
Net cash used in financing activities	(30)	(68)
Cash at end of period	29	16
Other Financial Statistics		
Net income (before net movements in regulatory balances) ³	133	140
Adjusted funds from operations	331	238
EBITDA (before net movements in regulatory balances) ⁴	356	356

1. The consolidated financial information is derived from the audited consolidated financial statements of Alectra Inc.

2. Excluding Goodwill

3,4. These balances are calculated based on Modified IFRS as determined by the OEB, which includes certain other regulatory balances not recognized for financial statement purposes under IFRS.



Alectra proudly continues to deliver value to customers and communities through disciplined financial administration, careful management of risks, cost-effective and efficient business practices and strategic investment.

Corporate governance

Strong corporate governance is fundamental to Alectra's long-term success as a profitable organization dedicated to providing our customers and our communities with safe, reliable and innovative energy solutions.

Through holding companies, Alectra is owned by seven municipal shareholders – the cities of Barrie, Guelph, Hamilton, Markham, Mississauga, St. Catharines and Vaughan – and BPC Energy Corporation, which is part of the Ontario Municipal Employees Retirement System (OMERS).

The Alectra Board and management team are committed to the highest standards of corporate governance and business ethics. Alectra's governance practices are designed to ensure that all aspects of our business are conducted with integrity and transparency to improve the company's performance and enhance shareholder value.

“

Alectra has a strong governance model that is focused on sustainability and promotes diversity and inclusion. Representation from our municipal shareholders, blended with commercially minded independent directors, gives our Board a very broad perspective. This ensures that the needs of our customers and our communities are well represented in decision-making.”

Norm Loberg
Chair, Alectra Inc. Board of Directors

Governance

Alectra Executive Committee

Alectra is managed by an experienced and forward-looking Executive Committee, which is ultimately responsible for Alectra's strategic development and stewardship and serves as its executive decision-making body for key facets of day-to-day operations.

Board of Directors

Alectra is governed by a 14-member Board of Directors, which is accountable to the shareholders to establish a system of effective corporate governance and to achieve Alectra's mission, vision and purpose. The Board's mandate is to govern Alectra Inc. by setting its strategic direction and risk tolerances, selecting and overseeing the effectiveness of the President and Chief Executive Officer, and monitoring the successful performance, culture and ethical integrity of the Corporation.

The Board discharges its responsibilities either directly or through five committees – the Audit, Finance and Risk Management Committee; Corporate Governance and Nominating Committee; Integration Committee; Human Resources and Compensation Committee; and Development Committee. Sustainability topics are embedded as part of the Corporate Governance and Nominating Committee's mandate.

Alectra's Board of Directors promotes and champions diversity in board composition and the recruitment of board members with a mix of business and professional expertise.



Brian Bentz
President and Chief Executive Officer, Alectra Inc.



Max Cananzi
President, Alectra Utilities Corporation



John Basilio
Executive Vice President and Chief Financial Officer, Alectra Inc.



Barb Gray
Senior Vice President, People and Safety, Alectra Utilities Corporation



John Matovich
Executive Vice President, Energy Solutions and Services, Alectra Inc.



Dennis Nolan
Executive Vice President, General Counsel and Corporate Secretary, Alectra Inc.



Norm Loberg
Chair



Jane Armstrong



Gerald Beasley



Sean Donnelly



Maurizio Bevilacqua



Bonnie Crombie



Giuseppina (Pina) D'Agostino



Fred Eisenberger



Matt Harris



John Knowlton*



Jeff Lehman



Don Lowry



Teresa Moore



Frank Scarpitti

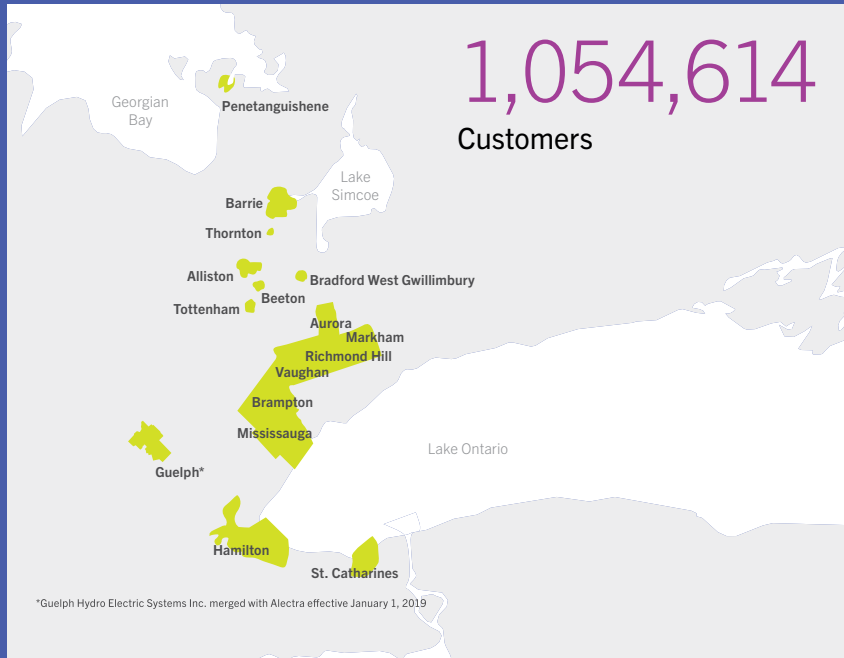


Annesley Wallace*

* Board member transition from Annesley Wallace to John Knowlton on January 1, 2020

Alectra Fast Facts

Although we're a relatively new company, through our legacy utilities we have over 100 years of history.



1,924 km²

Service territory

25,517,230

Delivery (MWh)

21,112 km

Circuit overhead and underground

41,937 km

Conductor lines

120,961

Distribution transformers

63%

Employees represented by unions

13

Transformer stations

169

Municipal stations

\$338M

Total capital expenditures

A

Credit ratings

\$5.1B

Total Assets

575

Fleet Vehicles

134,407

Poles and pole structures

1.07

System Average Interruption Duration Index – SAIDI

1.26

System Average Interruption Frequency Index – SAIFI

1,446

Full-Time Employees



Management's discussion & analysis and financial statements

Alectra Inc.

Year ended December 31, 2019

2019 Annual Sustainability Report

Alectra's family of energy companies distributes electricity to more than one million customers in Ontario's Greater Golden Horseshoe area and provides innovative energy solutions to these and thousands more across Ontario.



Please contact us for more information about Alectra and our efforts to create sustainable value in the energy sector.

Alectra Head Office
2185 Derry Road West
Mississauga, ON L5N 7A6

alectra.com



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