

Alectra Inc. (“Alectra”) Executive Compensation (2023)

Introduction

This document was developed following best practices and is aligned with similar reports under the *Securities Commission* protocols. It is intended to transparently express the governance inherent in Alectra’s compensation practices as well as the philosophy underpinning key compensation decisions. As an entity incorporated under the *Business Corporations Act (Ontario)* and regulated under various statutes overseen by the *Ontario Energy Board*, Alectra abides by the laws and regulations, as well as commercial and regulatory principles established under the aforementioned regimes.

The following represents the Alectra Executive Compensation governance, philosophies and the applicable processes used in determining compensation levels. The disclosure set out herein relates to the top five executives of Alectra, by compensation.

Compensation Governance

The People & Safety Committee (“PSC”) is responsible for reviewing and recommending to the Board for approval the Executive Compensation philosophy and the overall compensation provisions for the Executive Leadership team.

Executive Compensation Philosophy

Alectra wishes to maintain a compensation program which aligns individual executive performance with Alectra’s long-term business strategy and supports the achievement of the following objectives:

- To optimize performance consistent with Alectra’s Strategic Plan; and,
- To attract, motivate and retain executives with skills and experience necessary to achieve the goals in Alectra’s Strategic Plan.

Process for Benchmarking Executive Compensation

The PSC will regularly review Alectra’s Executive Compensation philosophy and the terms of the executive plans. The PSC retains a third-party compensation expert (the “Consultant”), to research, review and recommend the efficacy of Alectra’s Executive Compensation philosophy and to benchmark Alectra’s Executive Compensation to market.

The process involves the PSC working with the Consultant to define appropriate comparator organizations. Subsequently, the Consultant conducts a survey of the base salary, incentive and the total compensation paid by comparator organizations to positions comparable to those at Alectra, analyzed findings and reported to the PSC.

This information, in combination with any internal equity considerations, was used to determine the appropriate total compensation with each executive position, which included a mix of base salary, incentive compensation, perquisites and benefits.

Selection of Comparator Organizations

The PSC reviews and selects the comparator organizations with input from the Consultant and Executive Committee. The comparator group is comprised of organizations similar in size to Alectra or with whom Alectra might compete for executives in the market including LDCs, other highly regulated sectors, and other industries from where Alectra would source leadership talent.

Market Position and Components of Executive Compensation

Alectra targets base pay and total direct compensation at the 50th percentile of the competitive market. (Total Direct Compensation defined as base pay plus short-term and long-term incentives).

The PSC retains and utilizes discretion to compensate an executive outside of this range in appropriate instances based on specific reward, recruitment and retention strategies.

Executive Salaries

Executive salary ranges are established with reference to Alectra's noted target market position. Actual salaries are determined according to the executive's overall individual performance, skills and experience.

Executive and Senior Management that serve as Directors on Alectra Subsidiary Boards do not receive additional compensation.

Incentive Plans

Alectra's annual short-term incentive plan ("STIP") is aligned with Alectra's business strategy and its Business Plan. Individual incentive payments are determined through a combination of individual performance and corporate performance measured by the corporate scorecard, with the exception of the President and CEO whose incentive plan is based 100% on the corporate scorecard. The corporate scorecard comprises of measures including financial performance, customer service, safety, reliability and employee engagement.

All management and executive employees participate in this incentive plan depending on management level. STIP for the President and CEO and all EVPs have targets in a range of 35% - 75% of base annual salary, adjusted up or down, subject to performance.

The President and CEO and all EVPs of the Executive Committee also participate in a three-year Long-Term Incentive Plan ("LTIP") where cash payout is made after the end of the three-year performance period. The current LTIP plan covers the three-year performance period 2021 to 2023 and payments that are earned under this LTIP plan, are paid in 2024.

Executive	Title	LTIP 2021-2023 Total Incentive (Paid in 2024)
Bentz, Brian	President & CEO, Alectra Inc.	\$591,121.71
Douglas, James	EVP, Customer Experience	\$133,938.21
Gray, Barb	EVP, People & Transformation	\$168,891.92
Matovich, John	EVP, Energy Solutions and Services	\$217,146.75
Matthews, Michael	EVP, Asset Strategy & Operations	\$184,861.68

Executive Perquisite and Employee Benefits

Alectra executives are provided with the same structure of group benefit coverage available to all employees of Alectra, including, life and disability insurance, medical, extended health benefits and an enhanced health care spending account. Executives are also entitled to a vehicle allowance, annual executive medical and memberships.

Retirement Plans

All Alectra employees, participate in a retirement plan under OMERS. Contribution rules, retirement options and payout formulas are identical for all employees. Certain executives however are eligible for a cash payment that represents the cost avoided by Alectra due to the action of OMERS contribution and income caps with respect to annual incomes including the STIP.

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Executive 2023 Compensation

Executive	Title	2023 Base Earnings	STIP 2023 Total Incentive (Paid in 2024)	2023 Total Perquisites	2023 Total Compensation
Bentz, Brian	President & CEO, Alectra Inc.	\$583,417.08	\$522,373.50	\$41,804.57	\$1,147,595.15
Douglas, James	EVP, Customer Experience	\$300,083.29	\$130,026.17	\$20,672.28	\$450,781.74
Gray, Barb	EVP, People & Transformation	\$302,991.79	\$126,113.06	\$21,262.04	\$450,366.89
Matovich, John	EVP, Energy Solutions and Services	\$314,795.74	\$151,183.26	\$24,755.07	\$490,734.07
Matthews, Michael	EVP, Asset Strategy & Operations	\$316,714.19	\$133,252.24	\$22,691.41	\$472,657.84