Hydro One Governance

April 16, 2015

Effective today, the government has appointed a new Hydro One Chair, David Denison, and will review the membership of the board of directors before the process of broadening ownership to the public. Sandra Pupatello will continue to serve as a director on the board to assist the organization with its transition to a publicly traded company. The government appreciates Ms. Pupatello's hard work, dedication to customer service and strong, effective board governance.

The government plans to enhance the governance of the company through specific controls over board membership, including the ability to nominate 40 per cent of the board's members and remove the board as a whole.

The government will also retain an expert adviser on process fairness to provide it with guidance on transparency and accountability throughout the IPO.

Appointing of the new Chair and Board

David Denison takes over as Chair of Hydro One effective today to lead the company through the IPO process. Mr. Denison has extensive experience leading major companies in Canada and elsewhere. He served as President and CEO of the Canada Pension Plan Investment Board from 2005 to 2012.

Working closely with the government, the Chair will assist in preparing the company and board of directors for broader share ownership of Hydro One. This will include conversations with current board members to assess their interest in remaining on the board through this process.

The new board is expected to be in place by summer 2015 to prepare for marketing of the IPO, and to ensure continuity of operations and improve the long-term performance of the company. In parallel, the company will commence a similar process with respect to senior leadership positions.

Governance Enhancements

As the single largest shareholder the government could exercise the following powers:

Board of Directors: The government has the power to unilaterally remove all (but no fewer than all) of the members of the board. This does not include the Chair, which the government may remove at its discretion.

Board Nominations: The government can nominate 40 per cent of the members of the board. Board members must meet pre-defined qualifications that include independence, commercial experience, and commensurate expertise. The government would be entitled to reject non-provincial nominees if it determines they do not meet these qualifications. Once elected, these members have a duty to act in the best interests of the company.

Modernizing Controls: Officers of the Legislature do not have jurisdiction over publicly traded companies, and so would not have jurisdiction over Hydro One. The government would require a new dedicated Hydro One Ombudsperson to protect the interests of consumers.

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