

Elexicon Corporation

2022 Corporate, Environmental and Social Responsibility Report



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Our Purpose

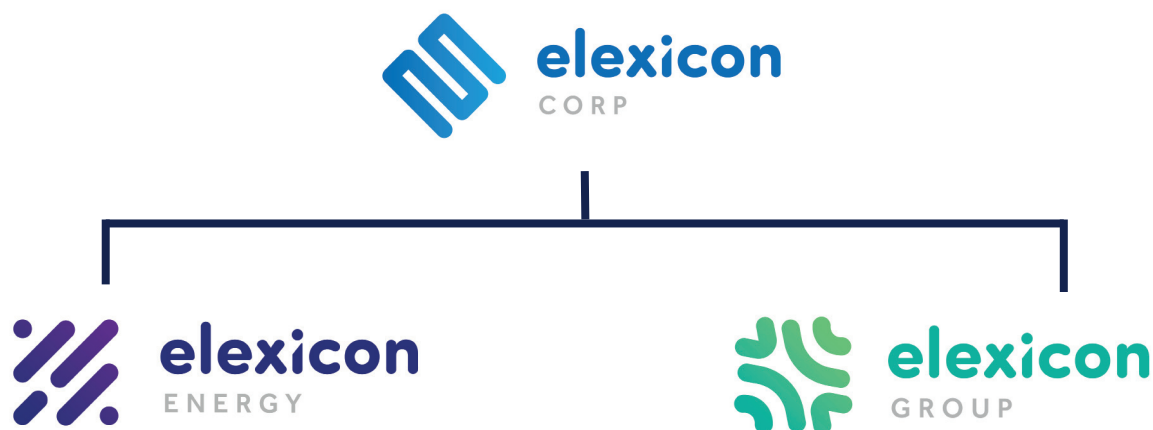
Empowering through
energy innovation for a
cleaner, better future.

Our Beliefs

- + Collaboration
- + Curiosity
- + Diversity, Equity and
Inclusion
- + Environmental and
Social Well-being
- + Health and Safety

Who We Are

We're powering life's most meaningful moments, as well as creating a harmonious connection between experiences and people and the environments where they dwell. Through our safe and reliable services, we illuminate, we move, we grow, we comfort, we nourish, and we educate, ultimately shaping stronger communities and a better world.



Elexicon Corporation is a holding company, 100 per cent owned by five municipal shareholders: the Town of Whitby, the City of Pickering, the Town of Ajax, the Municipality of Clarington and the City of Belleville. Elexicon Corporation consists of two wholly owned subsidiary operating companies: Elexicon Energy Inc. and Elexicon Group Inc.

Elexicon Energy Inc. is a regulated electricity distribution company that delivers electricity to approximately 175,000 homes and businesses located in ten municipalities in east-central Ontario. The company is regulated by the Ontario Energy Board, an independent regulator of the electricity and natural gas sector. Elexicon Energy, through its investments, is focused on grid modernization and integration of innovative technologies to its distribution network to provide reliable and cost-effective services, to meet the current and future needs of its customers. The company is defining the role of the distributor in the energy transition and electrification of the economy.

Elexicon Group Inc. is an emerging market leader in reducing energy costs and improving sustainability for private and public sector clients. The company believes that the two most powerful ways it can make a difference is by making buildings more energy efficient and accelerating the adoption of electric vehicles ("EVs"). Elexicon Group's Envision Utility Management program uses measurement, data and insights to identify and deliver innovative and best-in-class energy solutions for its clients, including system design, recommissioning and retrofits. The company's joint venture, EVSTART, aims to lead the Canadian market in the implementation of EV charging stations. Elexicon Group relentlessly pursues innovation and challenges the status quo in the pursuit of better bottom lines for its clients.

2022 Snapshot

Corporate, Environmental and Social Responsibility is embedded in our purpose and strategy. As the holding company of Ontario's fourth largest municipally owned electricity distribution company - Elexicon Energy - and one of Durham Region's biggest innovative energy solutions companies - Elexicon Group - Elexicon Corporation plays a central role in empowering a cleaner, better future for our communities and customers.

This report explains how we are looking after the people and planet in the communities we serve to foster a more sustainable future.

Governance and Integrity

- Regular rotation of our board composition to ensure we have the right skills and experience levels to properly govern the organization,
- \$172.9M in economic value and benefits delivered in 2022,
- \$9.4M in dividends paid to shareholders for reinvestment in our communities,
- Public Electrical Safety Excellence Award Winner, presented by the Electricity Distributors Association, for our commitment to improving public electrical safety, and
- 175,000+ residential and business customers spread across east-central Ontario.

People

- 305 talented and committed employees representing the diverse communities we serve,
- 26 per cent of our workforce is comprised of visible minorities,
- 38 per cent of our workforce is female and 63 per cent of Elexicon Energy's leadership team is female,
- 64 per cent of new hires in 2022 came from diverse backgrounds, and
- Regularly evaluating pay equity and making adjustments to ensure we are compensating employees who have similar job functions with comparably equal pay, regardless of their gender, race, ethnicity or other status.

Planet

- Corporate headquarters in Ajax is a Leadership in Energy and Environmental Design ("LEED") building - an international symbol of sustainability excellence and green building leadership,
- More than 400 photovoltaic panels occupying 45,000 square feet on the corporate headquarters' roof generate 160,000 kWh of clean, carbon-free electricity annually - an amount equivalent to that consumed by approximately 20 typical households,
- A solar-powered electric vehicle carport at corporate headquarters equipped with multiple Level 2 electric vehicle chargers and a Level 3 fast charger is used frequently by visitors and neighbourhood residents,
- Sustainability Award Winner, presented by the City of Pickering, for Elexicon Energy's work on Altona Towns Pre-Planned Nested Microgrid Community, the first of its kind in Canada, and
- 218 electric vehicle charging ports installed in 2022 with another 1,000 ready to be installed in 2023.

Community

- \$350K donated annually to more than 100 community organizations and initiatives,
- \$144K raised for six vital community agencies at Elexicon Energy's 2nd Annual Golf Tournament*,
- \$32K raised at the inaugural Dream Big, Dream Brighter Gala - a three-year partnership between Elexicon Energy and Grandview Kids**,
- \$15K donated to Ontario Tech University's Women for STEM ("Science, Technology, Engineering and Mathematics"),
- Seventeen (17) high schools received an educational grant from Elexicon Energy for a graduating student pursuing a post-secondary education in energy, electrical engineering or related field, and
- 90 per cent customer satisfaction score (UtilityPulse Survey).

*Recipients of funds from Elexicon's Golf Tournament: Feed the Need in Durham, Gleaners Food Bank (Quinte), Gravenhurst Against Poverty, Ontario Shores Foundation for Mental Health (Whitby), Frontenac Youth Services (Oshawa) and Hearth Place Cancer Support Centre (Oshawa).

**Grandview Kids provides family-centred paediatric and rehabilitation services for children and youth with physical, communication and development needs. Elexicon has partnered with Grandview to help raise money so they can continue to help thousands of children and youth live life at their full potential in Durham Region.

Message from the Chair



Throughout 2022, as our communities eased their way out of the global pandemic and we sharpened our focus on climate change impacts and moving down the path towards net zero, Elexicon Corporation continued to establish its role, as a critical public sector service, in helping to address the most urgent environmental, social and economic challenges of our communities.

As the Corporate Board of Directors of the fourth largest municipally owned energy company in Ontario, and a growing innovative energy solutions provider, we fully understand the problems we are uniquely positioned to help solve in the energy transition, and the greater good we can deliver.

We continue to discuss our Corporate, Environmental and Social Responsibility (“CESR”) initiatives, including with the community leaders of our shareholder municipalities: the Town of Whitby, the City of Pickering, the Town of Ajax,

the Municipality of Clarington and the City of Belleville. From that, our purpose took shape: **Empowering through energy innovation for a cleaner, better future.**

We take this purpose seriously. Not only as a way to strengthen the position of our operating subsidiaries’ profitability and earnings, but as a way to bring about meaningful change through energy innovation, transformation and collaboration. As we grow and evolve our overall strategic direction, we will do more good for our communities, customers, shareholders and employees.

In the coming years, as our strategy evolves and develops, we will focus on these three key commitments:

Empower: Empowerment is at the core of everything we do, how we will create more opportunities for our customers, community and employees.

Energy Innovation: We will be an avid fast follower and adopter of new technologies, solutions and products.

Cleaner, Better Future: We will focus our efforts on creating a brighter future for the environment, our communities and our customers.

These profound changes can only be accomplished by fostering a workplace that promotes equity, diversity

and inclusion, and encourages collaboration between different groups. Our inclusive culture, where respect, equity and positive recognition of differences are cultivated, diverse voices are heard, and everyone feels valued, including those in our community who are at risk of falling behind, is critically important to our ability to create a cleaner, better future.

Additionally, Elexicon provided close to \$350,000 in funding to address a number of significant societal issues, including critical healthcare funding gaps, food insecurity, environmental and sustainability education, and to create more inclusive opportunities for our communities to prosper.

We have a duty to our customers, and the communities we serve, to provide ongoing, consistent and meaningful value. We have a lot of work ahead of us, but we know that rooted in our common purpose, our energy as a corporation and group of companies will create a cleaner, better future.

A handwritten signature in dark ink, appearing to read 'Jim Macpherson'. The signature is fluid and stylized, with a long horizontal stroke at the end.

Jim Macpherson
Chair of the Board of Directors

Our Approach to Corporate, Environmental and Social Responsibility

Elexicon Corporation recognizes that adopting a mindset that has Corporate, Environmental and Social Responsibility (“CESR”) at its heart is essential in creating value to its shareholders, customers and communities.

We endeavour to contribute to a cleaner and more sustainable future by actively supporting regional, provincial, national and global environmental and social good efforts.

As a Corporation, we strive to do this by reducing its own ecological footprint and, where possible, enhancing the environment and social fabric of the communities it serves.

Through its subsidiaries, Elexicon Energy and Elexicon Group, the Corporation has outlined the importance of defining CESR goals and values, and to design a set of actions to address the issues that affect its people, community and planet.

The Corporation is committed to operating safely and in an environmentally and socially responsible manner, driving clean and sustainability-based change within its operations and the diverse communities we work in and serve.



2022 Highlights

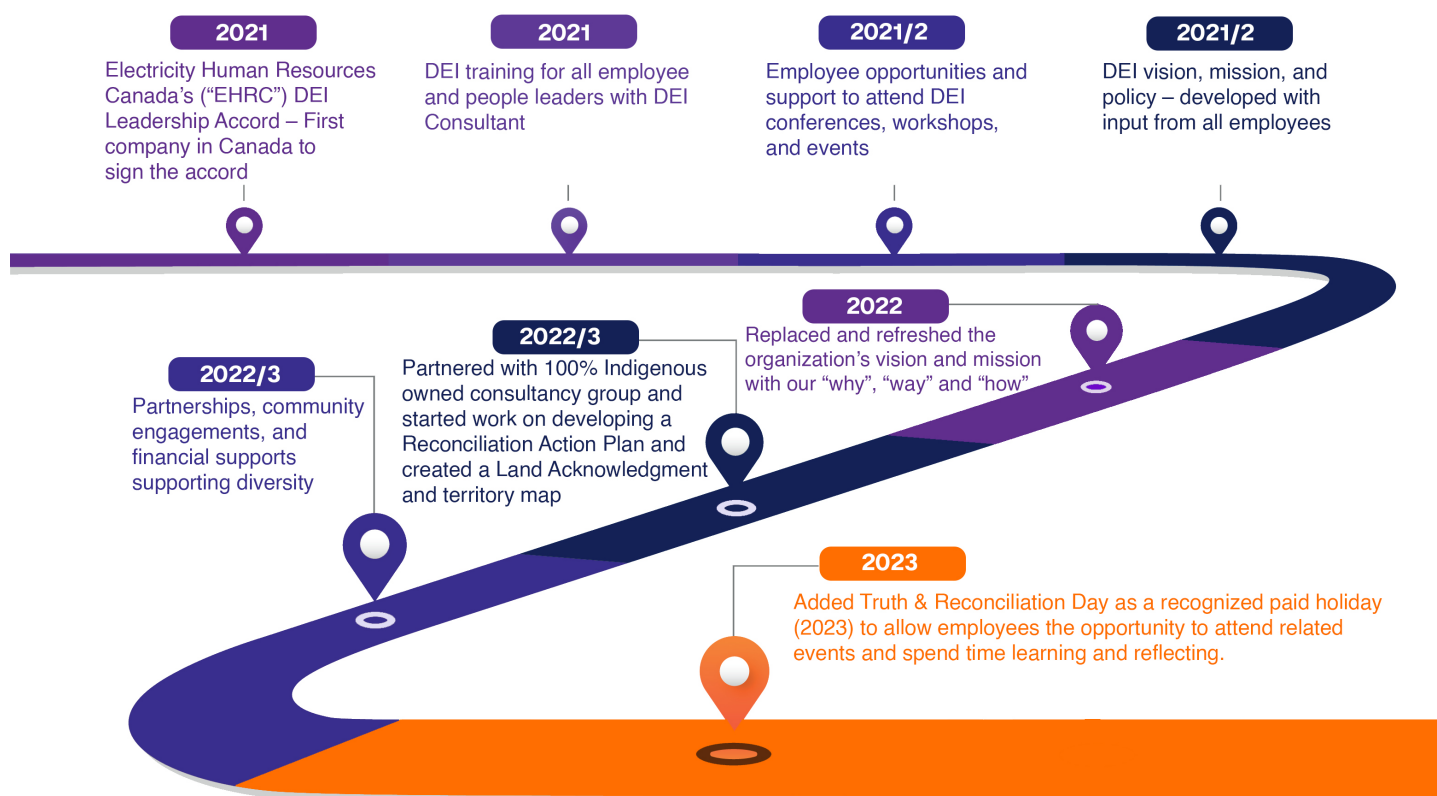
DIVERSITY, EQUITY AND INCLUSION

Exelicon Corporation and its subsidiaries are committed to fostering an inclusive, diverse and equitable workplace built on respect, support and collaboration. In 2022, with input from its employees, subsidiary Exelicon Energy created a Diversity, Equity and Inclusion (“DEI”) vision, mission and policy.

Exelicon Energy also rewrote its Mission, Vision and Values as well as its One Exelicon Operating Principles into what is now referred to as “Our Why, Our Way and Our How”. Our Why is why Exelicon exists. Our Way is the way Exelicon goes about delivering on its Why. Our How is how Exelicon behaves to deliver on its Why and its Way. See page 16 for more information.

All employees and people leaders received DEI training from a DEI Consultant. Exelicon Energy also partnered with a 100 per cent Indigenous owned consultancy group on the development of a Reconciliation Action Plan, and the creation of a Land Acknowledgement and territory map.

Exelicon Energy’s DEI Journey to Date



ENVIRONMENTAL SUSTAINABILITY

Winner of the City of Pickering's Sustainability Award



Elexicon Energy was awarded the City of Pickering's Sustainability Award for its work on Altona Towns Pre-Planned Nested Microgrid Community. The new development - Canada's first - demonstrates the future of residential neighbourhoods and shows how microgrids can benefit homeowners while reducing the amount of electricity needed from the grid, helping make the provincial electricity system more affordable. For residents living in the microgrid community, the use of solar panels and battery storage allows them to reduce energy costs by supplying their own power needs. It also provides another option to improve the resiliency of the local electricity grid when faced with extreme weather, providing backup power if there is an outage.

Helping Enable Canada's Net Zero Future and Electrification Strategy



Elexicon Energy is working with technology partner, Survalent, and a handful of other local utilities to enable distributed energy resources

such as solar and wind power, energy storage and demand management tools to ensure interoperability between the consumer and the electricity grid. The project will provide a platform that brings together real-time energy supply and consumption information at the local level, and gain a better understanding of how renewable energy sources can be sourced at a local level and contribute to clean, reliable and affordable energy to meet growing needs that include electric vehicles.

Giving Families and Businesses More Control over Electricity Bills



Energy Minister Todd Smith joined Elexicon Energy and several other Ontario energy companies to launch the new Green Button program that will allow families and businesses across the organization's service territory to track and control their energy use and save money on monthly bills. Studies have found that access to energy data, which Green Button along with smart home devices enables, can help consumers achieve energy savings of up to 18 per cent. Ontario becomes the first province in Canada to mandate the standard. Elexicon Energy customers will have access to Green Button by November 2023.

Making Energy-Efficient, Low-Carbon Homes More Accessible in Durham Region



Ellexicon Energy is participating in a regional household energy retrofit initiative called Durham Greener Homes. Inspired by Durham Region's Community Energy Plan, the program was created to assist homeowners in navigating through the retrofit process to reduce their energy consumption and greenhouse gas emissions. By 2050, the program hopes to remodel the majority of the over 200,000 existing single-family dwellings, including detached, semi-detached and row homes, resulting in an average energy savings of 40 to 50 per cent per household.

Accelerating the Transition to Electric Vehicles

An essential cornerstone of the Corporation's vision and strategy is accelerating the transition to electric vehicles ("EVs"), and in 2022 our subsidiary, Ellexicon Group, continued the forward momentum towards delivering on that vision. Through the joint venture with EVSTAR, Ellexicon Group installed 218 new EV charging stations across Canada and secured contracts to install 1,000 more in 2023. This is just the start of what promises to be an exponential growth curve towards the full potential of EVs and charging infrastructure in Canada.

Innovative Technologies Promote Sustainability and Cost Savings in our Communities



Ellexicon Group led the market in Canada in delivering exciting and innovative technologies to the community.

In September 2022, Ellexicon Group installed Realice Cold Water Ice resurfacing at the Uxbridge Arena and Community Centre. Since the installation, there has been a 30 per cent reduction in ice plant electricity usage, along with the elimination of natural gas consumption used for heating the resurfacing water, which translates to approximately \$8,000 a year in savings. In addition, the system improves the ice quality and reduces water usage.

In November 2022, Ellexicon Group installed its inaugural motorized pool cover at the Ajax Community Center. Since the installation, there has been a 17 per cent reduction in electricity usage and a substantial 20 per cent reduction in natural gas consumption, meaning tangible cost savings for the facility. The pool cover has also contributed to improving the air quality around the pool deck and has extended the lifespan of the pool dehumidification system, providing additional benefits beyond energy conservation.

With over 3,300 ice rinks and more than 1,000 indoor pools in Canada, these initiatives have the potential to make a substantial contribution to the country's overall greenhouse gas reduction and climate change targets.

Growing the Envision Utility Savings as a Service Program



Elexicon Group's flagship Envision Utility Savings as a Service program has been a great success. The program enables the tracking and analyzing of utility and carbon emission costs and performance using real-time sensors to drive insights, continuous improvement and return on investment for its clients. This initiative continues to grow, and many new clients and hundreds of new buildings have been added to their portfolio.

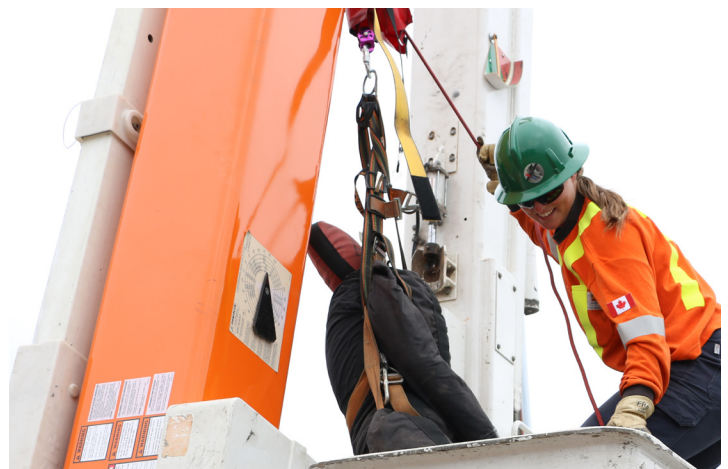
HEALTH, SAFETY AND WELLNESS

The health, safety and wellness of its employees and the communities it serves are a top priority for Exelicon Corporation and its subsidiaries.

Safety is important to everyone in the organization, and it is critical for Exelicon Energy's front line employees including Line Operations, Metering, and Stations and Protection & Control Automation teams. These employees are highly trained to work efficiently, safely and collaboratively to keep the lights on in homes, workplaces and communities. Their work is dangerous, and they perform it in all types of weather conditions, from the extreme heat to the bitter cold.

On September 28, 2022, Exelicon Energy held its annual Rescue Day, offering these teams valuable refresher training on safe work practices, and the planning and execution of rescues in emergency situations. It was the first time since 2019 the teams from all districts were able to gather due to the pandemic. Training included bucket self-evacuation, bucket rescue, pole top rescue and confined space rescue.

While many companies that adopted a work from home model during the pandemic are requiring employees to return to the office, Exelicon Energy has decided to maintain a hybrid work model for employees whose jobs do not require them to be in the office full time. Employees can come into the office to meet face-to-face with colleagues some days, and work from home other days, maintaining a positive work-life balance.



COMMUNITY ENGAGEMENT

Community engagement is at the heart of how Elexicon operates. Elexicon's Corporate Giving Program is about empowering the communities it serves to create a better future, together. Last year, the program provided funding to more than 100 community initiatives with a total donation amount of \$349,000.

In 2022, Elexicon created a lasting impact in its communities by:

- Sponsoring not-for-profit events and providing funding through the Corporate Giving Program to organizations and projects that align with Elexicon's mission and vision for the future. Funding is allocated through a formal process based on a Corporate Giving Policy, the proportion of customers within a service area and community need.
- Developing partnerships that contribute to the long-term sustainability of our natural resources, stronger environmental practices and that demonstrate an environment-first mindset to community planning.
- Creating meaningful opportunities for youth and young women in under-represented STEM ("Science, Technology, Engineering and Mathematics") fields through Elexicon's bursary, scholarship and mentorship programs.

A Snapshot of Elexicon's 2022 Corporate Giving Spend of Approximately \$350,000

Sector	Spend by sector	% Spend by sector	Recipient examples
Health Services & Promotion	\$71,400	20%	Ontario Shores for Mental Health Ajax Pickering Hospital Foundation
Child & Family Services	\$58,375	17%	Grandview Kids Alzheimer Society of Durham Region
Municipal Events & Support	\$46,166	13%	Belleville Diwali Celebration Whitby Lights the Night and Holiday Festival
Community Safety & Support	\$37,872	11%	YWCA Muskoka The Denise House
Education & Health	\$35,500	10%	Ontario Tech University Kids' Safety Village Durham
Local Events	\$34,430	10%	Rotary Club of Ajax Rotary Club of Gravenhurst
Mayor Events	\$26,000	7%	Ajax Mayor's Gala Durham Region Mayor's Gala
Environment & Sustainability	\$25,700	7%	Town of Whitby - Urban Beehive City of Pickering - Pollinator Project
Food & Security	\$14,202	4%	Gleaners Food Bank (Quinte) Uxbridge Loaves & Fishes Food Bank

Corporate Giving Recipient Testimonials

“Elexicon Energy’s support of the Alzheimer Society of Durham Region is helping provide counselling, support and education for people living with Alzheimer’s disease and other dementia. Their generous contribution helps ensure those living with dementia have access to the services they need, and their families and care partners are supported and prepared for the journey ahead. Thank you for investing in our community and helping to improve the quality of life for those impacted by dementia in Durham Region.”

Kendel Ferrara
Director of Philanthropy
Alzheimer Society of Durham Region

“Grandview Kids Foundation is honoured to be part of Elexicon Energy’s Corporate Giving Program which is helping to make so much possible for local charities. Our partnership with Elexicon is supporting programs and services to children and youth with physical, communication and developmental needs to live their best life. Together, we are working on building a brighter future for our community.”

Brandy Reid
Community Engagement & Donor Relations Officer
Grandview Kids Foundation

“Girls are critical to ensuring our science, technology, engineering and mathematics (STEM) industries are innovative, diverse and responsive to the needs of our society. With Elexicon Energy’s support, Girls Inc. of Durham has been able to provide young females in Durham Region with the opportunity to discover and develop skills in STEM. Through hands-on activities, girls explore, ask questions and solve problems. Our staff nurture and develop STEM dreams where girls do the hard work of rising to challenges, taking positive risks and reaching their goals. Our girls rise because of the support of organizations like Elexicon.”

Tracy McCannell
Director of Programming
Girls Inc. of Durham

“Caring for our community is a shared value of both Elexicon Energy and Lakeridge Health. Thanks to Elexicon’s support in 2022, Lakeridge Health Foundation has been able to fund critical cancer care priorities through Our Cancer Campaign such as capital projects and equipment that will advance cancer services throughout Durham Region and beyond. With 1 in 2 community members being diagnosed with cancer, community partnerships like ours helps bring in new technology that improves care options and changes the course of this disease for our loved ones.”

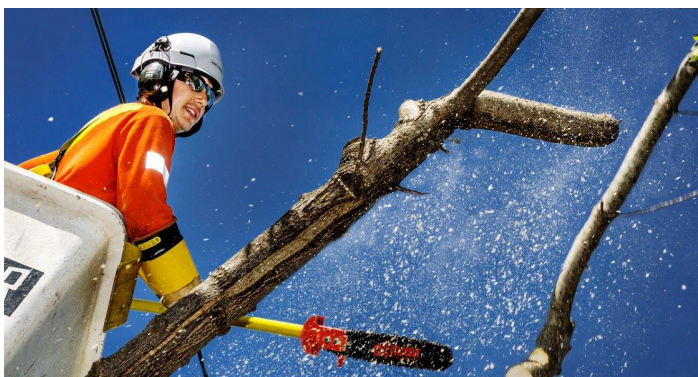
Steve MacDonald
Director, Development & Campaigns
Lakeridge Health Foundation

ENVIRONMENTAL INCIDENTS

Climate change has resulted in increased severe weather events, such as extremes in heat, cold, wind, rain, snow and ice, as well as flooding, forest fires and other natural disasters that pose a threat to Elexicon Energy's infrastructure and system reliability. Such weather events also result in more electricity usage during peak periods leading to potential supply issues and compromised or failed distribution assets. In order to mitigate these risks, Elexicon Energy has developed and continues to test its emergency preparedness plans. It is also upgrading distribution assets to better withstand extreme natural events.



REPLACING INFRASTRUCTURE



With the distribution system's aging infrastructure, Elexicon Energy continued to upgrade and replace assets throughout 2022. There is an ongoing maintenance program that includes tree trimming, pole testing, cable injections, switch maintenance and other activities to ensure safe and reliable electricity services. When severe weather has damaged or downed equipment, it has been largely replaced by stronger, more durable assets where possible.

Elexicon Energy:

Our Why · Our Way · Our How

In early 2022, Elexicon Energy, with input and feedback from its employees, rewrote its Mission, Vision and Values and its One Elexicon Operating Principles into what is now referred to as 'Our Why, Our Way and Our How'. Our Why is why Elexicon exists. Our Way is the way Elexicon goes about delivering on its Why. Our How is how Elexicon behaves to deliver on its Why and its Way.

Our Why

We deliver safe and reliable energy to our communities* and create the possibilities that energize our customers' future.

Our Way: Strategic Pillars

Customer Centricity

is developing an agile operating mindset that prioritizes decisions to build and maintain a positive customer experience. Customers are the cornerstone of any service organization.

Operational Excellence

is the continuous improvement of the organization's people, processes, places, safety and financial sustainability. As a newly formed organization, unifying our processes, focusing on our people and their safety (as well as the public's), and better connecting with our customers and stakeholders is key to the sustained success of the organization.

Economic Development

is enabling the organization to be a trusted strategic partner and catalyst for growth by nurturing, developing, and managing relationships with our community shareholders and the stakeholders in the areas we serve.

Strategic Investment

With a solid investment strategy, Elexicon Energy ensures we continue to provide customers with reliable, affordable energy services while building a robust grid to manage current demand while also upgrading infrastructure, as appropriate, to prepare for a changing energy landscape in the years ahead. The focus will be on investments to benefit today, prepare for tomorrow and meet the needs of our shareholders and stakeholders.

Our **How**: Beliefs & Behaviours

Safe & Well

We promote a culture of safety and wellness.

Consistent

We hold self and others to a standard of excellence.

Respectful

We work with the highest integrity, valuing and showcasing appreciation for others.

Responsive

We are timely in addressing the needs of our communities*.

Collaborative

We work together, innovate and celebrate.

Clear

We ensure clarity.

*Communities: Shareholders, Customers and Team Members



elexicon
CORP

**55 Taunton Rd. E.
Ajax, ON L1T 3V3**

Ellexicon Corporation
1-888-445-2881 | ellexiconcorp.com

Ellexicon Energy
1-888-445-2881 | ellexiconenergy.com

Ellexicon Group
1-800-769-6832 | ellexicongroup.com