

ELEXICON CORPORATION

2023 CORPORATE, ENVIRONMENTAL AND SOCIAL RESPONSIBILITY REPORT



elexicon
CORP

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Our Purpose

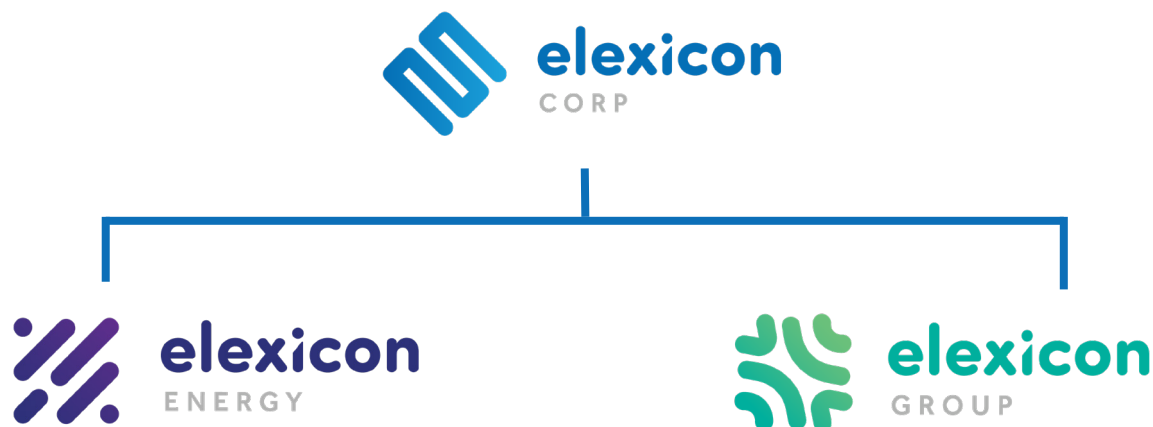
Empowering through energy innovation for a cleaner, better future.

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 more than 178,000 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. operates in the non-regulated energy sector with the aim of reducing energy costs and improving sustainability for private and public sector clients. 2023 was another challenging year for Elexicon Group and we are currently reviewing our commitment to the investment in this operation.

2023 Snapshot

The 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 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 in order 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,
- + \$169.6M in economic value and benefits delivered in 2023,
- + \$6.1M in dividends paid to shareholders for reinvestment in our communities,
- + Elexicon Energy was named Champion of Diversity, Equity & Inclusion by Energy Storage Canada, and
- + Elexicon Energy was selected Top Business (50+ Employees Category) by the Ajax-Pickering Board of Trade.



PEOPLE

- + 267 talented and committed employees representing the diverse communities we serve,
- + Twenty-nine (29) per cent of our workforce is comprised of visible minorities,
- + Thirty-one (31) per cent of new hires in 2023 came from diverse backgrounds,
- + Thirty-eight (38) per cent of our workforce identifies as female and 63 per cent of Elexicon Energy's leadership identifies as female, and
- + Regularly evaluating pay equity and adjusting 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 two Level 2 chargers and a Level 3 charger, is used frequently by visitors and neighbourhood residents,
- + Altona Towns in Pickering - Canada’s first pre-planned nested microgrid community - is demonstrating the future of residential neighbourhoods and shows how microgrids can benefit homeowners while reducing the amount of electricity needed from the grid, and
- + Inaugural recipient of the Electricity Distributors Association’s Sustainability Excellence Award for our commitment to operating in an environmentally and socially responsible manner.



COMMUNITY

- + \$360K donated to more than 100 local charities and community organizations,
- + \$200K raised for six vital community agencies at Elexicon Energy’s Annual Charity Golf Tournament*,
- + \$37K raised for Grandview Kids Foundation at the second ‘Dream Big, Dream Brighter’ fundraising event**,
- + \$15K donated to Ontario Tech University’s Women for STEM (“Science, Technology, Engineering and Mathematics”), and
- + Fourteen (14) 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.

*The six recipients of the golf tournament were: Alzheimer Society of Durham Region, Autism Home Base, Grace Inn Shelter, Ontario Tech University, Uxbridge Loaves and Fishes Food Bank, and WindReach Farm Foundation.

**Elexicon Energy and Grandview Kids Foundation formed a three-year partnership to help raise funds to advance and support the specialized programs and rehabilitation services delivered by the not-for-profit organization. Since 2022, almost \$70,000 has been raised for Grandview.

Message from the Chair



In 2023, we made great strides in delivering on our commitment to empower the communities we serve for a cleaner, better future.

Innovation was a major theme this year as we celebrated the completion of our Seaton Municipal Transformer Station and Belleville Operations Centre, and launched Dx NEXT, all of which will support growth and development in our service areas. These initiatives underscore our top priority of delivering the best possible services to our customers and communities, today and in the future.

In the past year, our Corporate, Environmental and Social Responsibility (“CESR”) plans have focused on people, including our own employees. We have also included community leaders of our shareholder municipalities in these discussions: the Town of Whitby, the City of Pickering, the Town of Ajax, the Municipality of Clarington and the City of Belleville.

We continue to make progress on Indigenous Relations. Since 2022, we’ve been working with Creative Fire, a 100 per cent Indigenous-owned consulting firm to learn more about the lands in which we operate. We’ve aligned on a three-phase approach that involves finalizing commitments, creating implementation plans and activating a Reconciliation Action Plan.

The key to delivering the services our customers and communities need is our employees, and we recognize their health, safety and wellness is vital to our continued success. To keep them safe, we launched the Back-to-Basics safety program, in partnership with SafeStart. This program provides specific critical error reduction techniques that employees can use to reduce the risk of personal injury in any situation, this includes at work, on the road and at home.

As always, Elexicon is engaged in giving back to the communities we serve. In 2023, we contributed \$360,000 to more than 100 local charities and community organizations. We are committed to creating a lasting impact by sponsoring not-for-profit events, developing partnerships and creating opportunities with organizations that align with our vision and mission for the future.

Environmental sustainability is an ongoing priority for Elexicon. We were proud to have received the inaugural Sustainability Excellence Award from the Electricity Distributors Association,

recognizing our work on developing a transformative Environmental, Social and Governance program.

As the fourth largest municipally owned energy company in Ontario, we have a duty to provide reliable electricity services and innovative energy solutions to our customers. With input from the community, our teams continue to collaborate to understand their unique issues and how we can help resolve them as we transition to a better energy future.

A stylized, handwritten signature in blue ink, likely belonging to Jim Macpherson.

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 local, regional, provincial, national and global environmental and social good efforts.

As a Corporation, we strive to do this by reducing our 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.



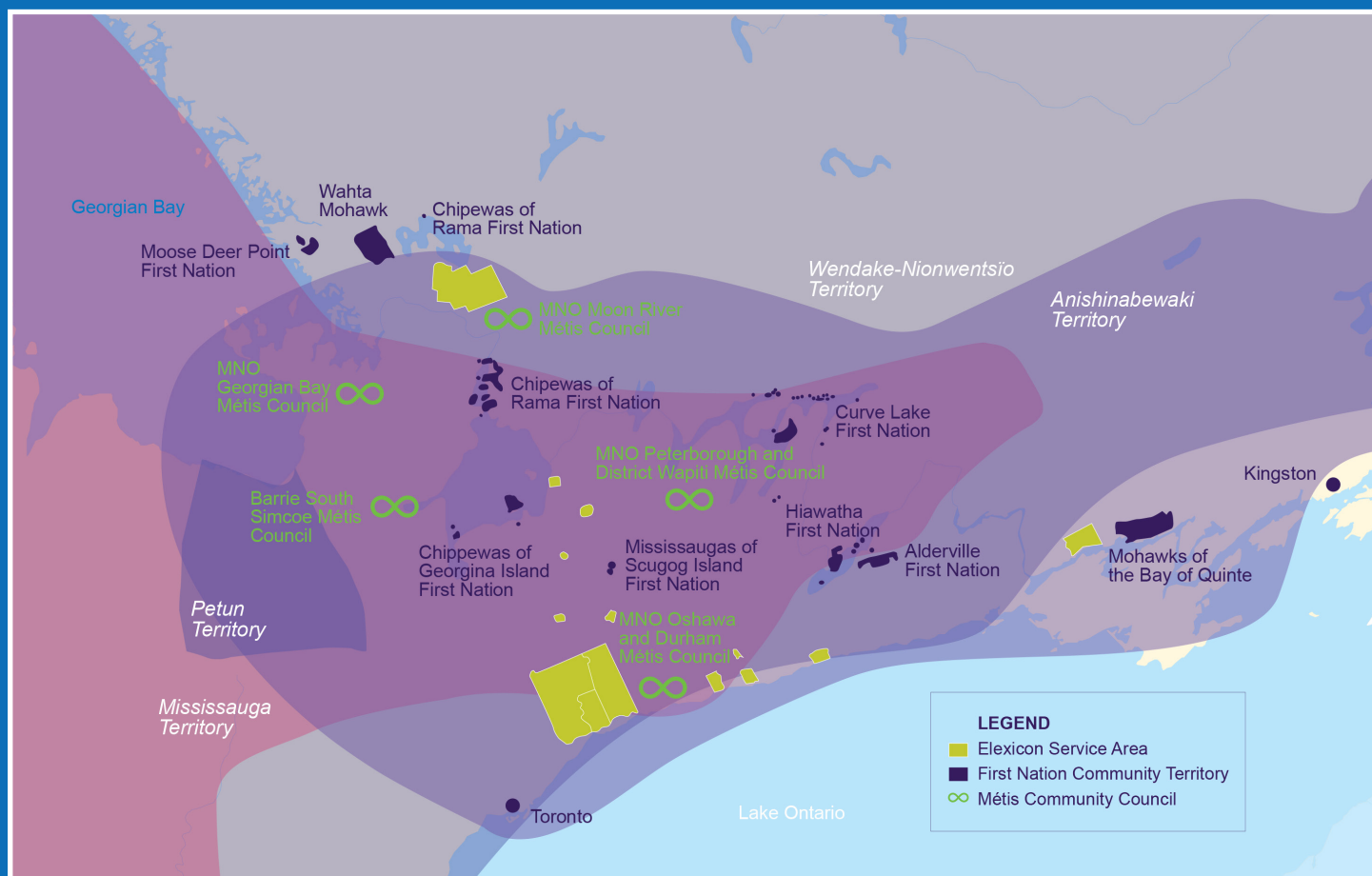
2023 Highlights

DIVERSITY, EQUITY AND INCLUSION

Elexicon Corporation and its subsidiaries are committed to fostering a diverse, equitable and inclusive workplace built on respect, support and collaboration. With input from its employees, its subsidiary Elexicon Energy has created a Diversity, Equity & Inclusion (“DEI”) Vision, Mission and Policy. The organization also rewrote its Mission, Vision and Values as well as its One Elexicon Operation Principles into what is now referred to as “Our Why, Our Way and Our How.” See page 18 for more information.

In 2022, Elexicon partnered with Creative Fire, a 100 per cent Indigenous-owned consulting firm to help the organization learn more about the Indigenous territories within which it operates in, draft and finalize a Land Acknowledgement, and develop a framework that would be used to finalize Elexicon Energy’s commitments - known as a Reconciliation Action Plan (“RAP”).

Creative Fire also conducted an evaluation of Elexicon’s operations, including interviews with its Board of Directors, executive leaders and employees. From this, they developed a list of potential commitments that Elexicon can prioritize and work towards accomplishing.



Fast forward to 2023, Elexicon and Creative Fire aligned on a three-phase approach that involves: 1) finalizing commitments, 2) creating implementation plans, and 3) activating the RAP.

The core project team working on this initiative is reviewing and finalizing the inventory of commitments drafted in 2022, and ensure that each commitment has an implementation plan - timeline, strategy and assessment for success. Commitments will fall into one of six pillars:

- + **Pillar 1:** Governance & Leadership
- + **Pillar 2:** Employment & Education
- + **Pillar 3:** Community Engagement & Support
- + **Pillar 4:** Economic Engagement
- + **Pillar 5:** Sustainability & Climate Change
- + **Pillar 6:** Health & Safety

OTHER DEI HIGHLIGHTS

- + Twenty-nine (29) per cent of our work force is comprised of visible minorities,
- + Thirty-one (31) per cent of new hires in 2023 came from diverse backgrounds,
- + Thirty-eight (38) per cent of our workforce identifies as female and 63 per cent of Elexicon Energy's leadership identifies as female,
- + Added National Day for Truth and Reconciliation as a recognized paid holiday to allow all employees the opportunity to attend related events, and spend time learning and reflecting,
- + \$15K donated to Ontario Tech University's Women for Science, Technology, Engineering and Mathematics ("STEM"), and
- + Regularly evaluating pay equity and adjusting to ensure we are compensating employees who have similar job functions with comparably equal pay, regardless of their gender, race, ethnicity or other status.



ENVIRONMENTAL SUSTAINABILITY

Elexicon serves some of the fastest growing communities in the country, which makes the journey of decarbonization and renewable energy a challenge but one that is necessary. A big part of ensuring a better tomorrow for future generations is operating in harmony with our physical environment. Elexicon is continuously evaluating its practices and challenging itself to be and do better.

RECOGNIZED FOR SECTOR EXCELLENCE: ELEXICON ENERGY RECEIVES INAUGURAL SUSTAINABILITY EXCELLENCE AWARD



The Electricity Distributors Association (“EDA”) - the trusted and vital source for advocacy, insight and information for Ontario’s local electricity distributors - acknowledges top -performing distribution utilities at its annual awards gala. Elexicon Energy received the EDA’s inaugural Sustainability Excellence Award for embarking on a transformative journey towards sustainability in embracing the challenge of developing a robust ESG (“Environmental, Social and Governance”) program.

ESTABLISHING THE FRAMEWORK OF AN ESG PROGRAM

The planning and framework of an ESG program was developed in 2023, with activities that would support the plan. Through this framework, Elexicon will report on its performance in the areas that are important to its stakeholders, and provide the organization with a comprehensive plan to make a positive impact on the

environment, its customers and communities, as well as its employees. Elexicon’s ESG considerations are founded on three core principles:

- + Environmental: Mitigate the impact of Elexicon’s operations on the environment,
- + Social: Be good stewards in the communities where we operate, and
- + Governance: Ensure the well-being and safety of employees and reduce the risk of future legal, regulatory, reputational and compliance issues.

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.

A TIMELY PROGRAM AMID THE SPIRALING IMPACT OF CLIMATE CHANGE



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.

CHAMPIONING SUSTAINABLE TRANSPORTATION IN WHITBY

Ellexicon has partnered with the Town of Whitby to operate ten, Level 2 charging stations to inspire change and encourage residents to switch to electric vehicles ("EVs"). The adoption of EVs and electrification of transit is vital to reducing emissions. The partnership is another example of Ellexicon supporting Durham Region's Climate Adaptation Plan, which aims to drastically reduce greenhouse gas emissions and become a carbon neutral community by 2045.



OTHER ENVIRONMENTAL SUSTAINABILITY HIGHLIGHTS

ISO 14001 Compliance:

The organization began the challenging and rewarding path to integrate environmental, economic and social factors into every level of its operations with the aim of being ISO 14001 compliant by 2025.

GHG Emissions Baseline Evaluation:

Ellexicon undertook a Greenhouse Gas baseline evaluation as part of the ESG framework. The evaluation also marks the beginning of Ellexicon's journey to achieving its commitment to Net Zero by 2050.

Approval of an Environmental Policy:

The approval of the organization's first environmental policy serves as the cornerstone of Ellexicon's sustainability journey, outlining its principles and objectives.

Waste Audit:

Ellexicon conducted surveys to learn about the sustainability practices of its contracted waste disposal companies to confirm they are environmentally responsible.

Alignment with Contractors and Suppliers:

Efforts were initiated to ensure Ellexicon's contractors and suppliers align with the organization's sustainability goals.

HEALTH, SAFETY AND WELLNESS

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

LAUNCH OF BACK-TO-BASICS SAFETY PROGRAM

A key priority for Elexicon in 2023 was the launch of a safety program that the organization is calling Back-to-Basics. Elexicon has partnered with SafeStart, an industry-leading company to help guide the Health, Safety and Environment team with the rollout and management of the multi-year program. The concepts that SafeStart employs fall into the broad category of safety awareness and personal skills development. More specifically, they focus on mitigating human factors that are involved in most incidents

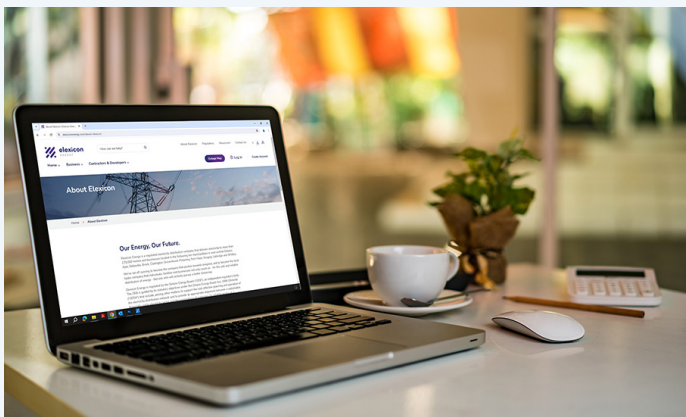
and injuries. The program provides specific critical error reduction techniques that employees can use to reduce the risk of personal injury in any situation, this includes at work, on the road and at home. Elexicon's leadership is committed to investing in its employees' health, safety and wellness, and is dedicated to ensuring every employee returns home safe and unharmed to their families at the end of each day.

RESCUE DAY: VALUABLE REFRESHER TRAINING ON SAFE WORK PRACTICES

Elexicon Energy's front-line teams - Lines Operations, Metering, and Stations and Protection & Control Automation - 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. Every Fall, these front-line teams gather at Elexicon's Clarington Operations Centre for Rescue Day. The annual event offers the teams valuable refresher training on safe work practices, and the planning and execution of rescues in emergency situations. Training includes bucket self-evacuation, bucket rescue, pole top rescue and confined space rescue.



MAINTAINING A HYBRID WORK MODEL FOR SOME EMPLOYEES



While many organizations that adopted a work from home model during the COVID-19 pandemic are requiring employees to return to the office or have returned on a full-time basis, Elexicon Energy adopted a hybrid work model for employees whose job does not require them to be in the office full time. Employees working under the hybrid model are still expected to come into the office at least two days a week, maintaining a positive work-life balance.

MAKING PPE EASILY ACCESSIBLE, NO MATTER THE TIME OR THE DAY

Elexicon Energy's Facilities team acquired vending machines equipped with personal protective equipment ("PPE") so in the event that Elexicon's front line teams need items outside of business hours, they are easily accessible. These vending machines house items such as gloves, safety glasses, locate paint, small tools, bug spray and sunblock. This is transforming services into a self-sufficient and user-friendly environment during emergencies and after-hours work.



COMMUNITY ENGAGEMENT

Community engagement is at the heart of how Elexicon operates. The organization'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 local charities and community organizations with a total donation amount of \$360,000.

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

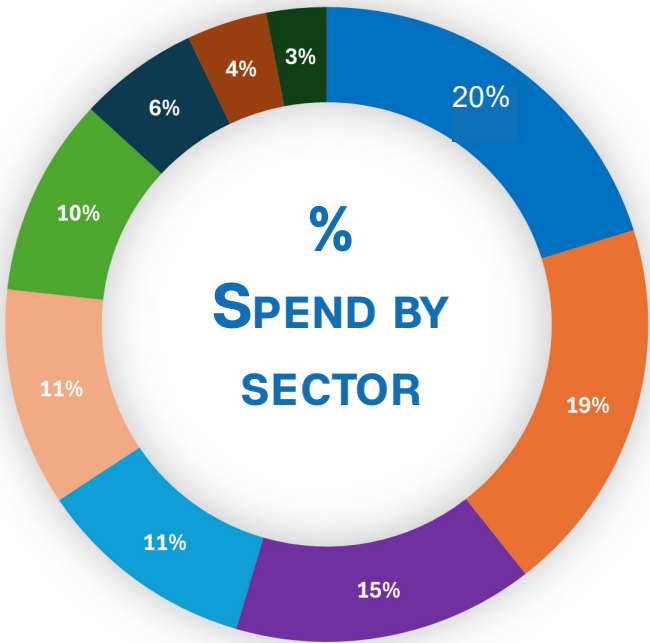
- + Sponsoring not-for-profit events and providing funding through the Corporate Giving Program to organizations and projects that align with Elexicon's mission and vision for the future. Funding is allocated through a formal process based on a Corporate Giving Policy, the proportion of customers within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



A SNAPSHOT OF ELEXICON'S CORPORATE GIVING SPEND OF \$360,000

SPEND BY SECTOR

- Health Services:
\$72,700
- Child & Family Services:
\$69,800
- Mayoral Events*:
\$52,350
- Community Safety & Support:
\$40,305
- Municipal Events:
\$40,000
- Education & Youth:
\$35,500
- Local Events:
\$22,445
- Environment, Sustainability & Climate Change Mitigation:
\$15,400
- Food & Food Security:
\$11,500



*Proceeds raised by the Ajax Mayor's Gala, Clarington Mayor's Golf Classic, Mayor's Evening for the Arts and others is donated to charities and organizations doing great work in their respective communities.

RECIPIENT EXAMPLES

Health Services

Durham Region Hospice
Lakeridge Health Foundation
Ontario Shores Foundation for Mental Health

Mayoral Events*

Ajax Mayor's Gala
Clarington Mayor's Golf Classic
Mayor's Evening for the Arts

Child & Family Services

Abilities Centre
Big Brothers Big Sisters
Grandview Children's Foundation

Community Safety & Support

Durham Black History Month
Grace Inn Shelter
Hockey Helps the Homeless

A SNAPSHOT OF ELEXICON'S CORPORATE GIVING SPEND OF \$360,000

RECIPIENT EXAMPLES

Municipal Events

Ajax Canada Day Celebrations
Belleville Diwali Festival
Whitby Lights the Night

Education & Youth

Durham Children's Aid Foundation
High School Bursaries
Scientists in School

Local Events

Muskoka Music and Dockside Festival
Pickering JamFest
Whitby Ribfest

Environment, Sustainability & Climate Change Mitigation

City of Pickering Emergency Preparedness
Electric Vehicle Charging Stations
Town of Whitby Urban Beehive

Food & Food Security

Feed The Need in Durham
Gleaners Food Bank (Quinte)
Gravenhurst Against Poverty

CORPORATE GIVING RECIPIENT TESTIMONIALS

“Elexicon's generous sponsorship of Mocktails, Makeup and a Movie supported the most critical needs in the women's mental health programs at Ontario Shores Centre. Your support also enabled further fundraising and awareness around the need for more specialized mental health care programs specifically for women across Ontario.”

Sean Hogan, Manager of Development
Ontario Shores Foundation for Mental Health

“The support from Elexicon enabled us to add specialized materials for the Kids Art Camp, enhancing their creative experience. We averaged 20 children a day for a total of 800 over the course of the summer. Your support ensures that aspiring young artists have the opportunity to explore their creativity and develop their skills. Your commitment to the arts is truly appreciated.”

Ann-Marie Harley, Owner
A Gift of Art

“Elexicon impactful support of our In-School Mentoring program has made a real difference in the lives of kids in our community. Your generous donation enabled us to match caring mentors with children facing challenges in the school setting. Through weekly one-on-one interactions, these matches engaged in activities fostering mental health, confidence and positive attitudes towards school. With Elexicon's partnership, we are not just creating mentorship connections, we are building foundations for improved coping skills, self-esteem and academic engagement - making a lasting positive impact on the lives of so many children and youth.”

**Claire Camacho, Marketing and Resource
Development Coordinator**
Big Brothers Big Sisters of South-West
Durham and Northumberland

ENVIRONMENTAL INCIDENTS

Climate change has resulted in increased severe weather events, such as extremes in heat, cold, precipitation, forest fires and other natural disasters. These elements pose a threat to Elexicon Energy's infrastructure, system reliability and its ability to operate in a safe and healthy environment. This was evident by the poor air quality from the forest fires in the summer, which restricted working capacity in the field.

In 2023, Elexicon's Health, Safety & Environment Incident Management System was further strengthened with the development of an environmental incident procedure and the refinement of the incident reporting process. In addition, a spill prevention and preparedness procedure was developed and employees were trained on the spill reporting process.



REPLACING AGING ASSET INFRASTRUCTURE

Throughout 2023, Elexicon Energy continued to prioritize the upgrade and timely replacement of its electricity distribution assets based on their condition and end-of-life assessment. However, financial restrictions, supply chain limitations, human resources constraints, and more frequent and impactful weather events continue to create challenges in mitigating this risk.

In order to improve system reliability in some areas and maintain it in others, several key projects are planned for 2024 and beyond to modernize the grid. Additionally, Elexicon has several system reliability maintenance programs, including pole testing, tree trimming, transformer replacements, underground cable injections, station renewals and switch maintenance.



ELEXICON ENERGY

Our Why · Our Way · Our How

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

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

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

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



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