



2012

Sustainability Report

An energy company powering sustainable communities

A row of five small green seedlings with roots visible, growing out of a dark brown soil layer, positioned horizontally across the bottom of the page.

GROWTH

Safety • Reliability • Efficiency • Innovation • Leadership • Caring • Relationships • Environmental Stewardship

Corporate Profile



Guelph Hydro Inc.* is a holding company, 100 per cent owned by Guelph Municipal Holdings Inc. which is, in turn, 100 per cent owned by the City of Guelph. The organization consists of two wholly owned subsidiary operating companies:



Guelph Hydro Electric Systems Inc. is a regulated electricity distribution company that delivers electricity safely and reliably to 52,000 homes and businesses in the City of Guelph and the Village of Rockwood, Ontario. Guelph Hydro Electric Systems Inc. provides essential infrastructure for the communities served to grow and prosper and promotes energy conservation to customers.

Guelph Hydro Electric Systems Inc. is regulated by the Ontario Energy Board, a self-financing Crown Corporation that has broad powers relating to licensing, rules of conduct and services, compliance, performance, as well as the regulation of rates charged by Guelph Hydro Electric Systems Inc. and 76 other local electricity distribution companies in Ontario.

The Government of Ontario, through the Ministry of Energy, sets the legal and policy framework—passing legislation and regulations—that govern the energy sector.



Envida Community Energy Inc. (formerly Ecotricity Guelph Inc.) is a diversified energy infrastructure company that owns and develops assets within three business segments—electricity generation, thermal distribution systems and energy management. Envida Community Energy is the primary implementer and key developer of high-efficiency, low-carbon, energy projects that are assisting the City of Guelph in achieving targets set out in the Guelph Community Energy Initiative while facilitating economic development in the community.



City Of Guelph

Guelph Municipal Holdings Inc.



Guelph Hydro Inc.
NON-REGULATED
HOLDING COMPANY



Guelph
Hydro Electric
Systems Inc.
REGULATED
COMPANY



Envida
Community
Energy Inc.
NON-REGULATED
COMPANY

* Throughout this report, the use of the name Guelph Hydro refers to the holding company, Guelph Hydro Inc., which incorporates two subsidiary companies: a regulated utility, Guelph Hydro Electric Systems Inc., and a non-regulated company, Envida Community Energy Inc. (formerly Ecotricity Guelph Inc.). The name Guelph Hydro Electric Systems Inc. is written out in full when referring specifically to the regulated electricity distribution utility.

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About Sustainability Reporting

Sustainability reporting is the practice of measuring, disclosing and being accountable to stakeholders for organizational performance while demonstrating a commitment to operate businesses in a sustainable manner.

Guelph Hydro Inc. publishes an annual Sustainability Report to share our vision, goals and achievements as we help move the communities we serve towards a sustainable energy future and a cleaner environment.

We benchmark our performance against the Global Reporting Initiative™ (GRI), the world's most comprehensive sustainability reporting framework. Results are contained in the GRI 3.1 Content Index included at the end of this report and posted on our websites.



2012 Achievements

Financial Excellence

- Earned a net income of **\$1.1 million**
- Paid a dividend to Guelph Municipal Holdings Inc. of **\$1.5 million** for fiscal year 2011 plus **\$1.5 million** for fiscal year 2012

Operational Excellence

- Achieved more than **241,476 hours** without a lost-time injury
- Achieved a system reliability index of **99.9964*%**
- Commissioned the company's first smart-grid-enabled, **115-kilovolt municipal transformer station** to provide sufficient capacity for more than 20 years of growth in the south end of Guelph
- Invested **\$17.1 million** to operate, maintain, upgrade and expand the electricity distribution network
- Connected **526 new residential and commercial customers**
- Sent a **crew of 10** along with vehicles and equipment to Long Island, New York, to assist with Hurricane Sandy restoration efforts

Environmental Excellence

- Promoted saveONenergy^{OM} conservation programs that achieved energy savings of more than **6,332 million kilowatt hours** of electricity, enough energy to power **725 homes for one year**
- Helped reduce network load demand by **2.8 megawatts** by promoting saveONenergy^{OM} efficiency programs to commercial customers
- Installed the community's **first electric vehicle charging station** at Stone Road Mall
- Supported the development of renewable energy sources by connecting **18 Feed-in-Tariff (FIT) and 71 microFIT solar installations** to the company's distribution system
- Generated **132,465 kilowatt hours** of renewable energy from the company's 100-kilowatt rooftop solar facility and **12,051 megawatt hours** from the Eastview Landfill Gas Plant
- Filed **eight applications with the Ontario Power Authority** for sustainable energy projects in support of the Guelph Community Energy Initiative

Social Responsibility

- In-house call centre responded to **43,225 calls** and **4,948 written requests** for information
- The company's workforce of approximately **120 employees** generously donated more than **\$45,000** to the United Way and other charitable organizations
- Provided **two \$1,000 bursaries** for full-time students in Year Two of the Powerline Technician program at Conestoga College
- **28 employees** participated in a three-day building project for Habitat for Humanity

Awards



* Excluding Loss of Supply. Index of Reliability including Loss of Supply = 99.9840%

Message to Our Stakeholders

At Guelph Hydro, we are striving to deliver a safe, sustainable and economically strong energy future for our shareholder, our employees and the communities of Guelph and Rockwood.

We carefully manage our organization as a vital strategic asset that is fundamental to the economic prosperity and growth of the communities we serve. We measure ourselves in terms of economic value, social responsibility and environmental stewardship and are pleased to provide this report on our 2012 performance in each of these areas.



Jasmine Urisk, Chair, Guelph Hydro Inc. Board of Directors and Barry Chuddy, Chief Executive Officer, Guelph Hydro Inc.

Strong Operational and Financial Performance

Guelph Hydro Inc. Financial Highlights (in millions of dollars)			
	2010	2011	2012
Service Revenues	\$146.5	\$153.2	\$145.3
Net Operating Revenue	\$29.1	\$28.1	\$27.7
Total Assets	\$181.4	\$193.5	\$188.1
Capital Expenditures	\$18.2	\$26.5	\$11.5
Dividends Paid	\$1.5	\$1.5	\$3.0*
Total Debt	\$117.4	\$66.0	\$65.5
Total Equity	\$66.8	\$78.3	\$76.3

Key operational pillars of safety, reliability, regulatory compliance and environmental stewardship ranked exceptionally well in 2012 and are detailed in this report. A list of our achievements appears on the opposite page and is a testament to the superb efforts of all our talented employees who continually provide outstanding customer service, focus on operational excellence and contribute towards the creation of a sustainable energy future for the communities we serve.

Our customers enjoy a safe and reliable electricity service that ranks among the best in the province. Although many utilities are struggling to upgrade aged infrastructure, Guelph Hydro Electric Systems Inc.'s comparatively modern and robust electricity distribution network already boasts many of the features associated with advanced smart grids. Moreover, we are prudently investing to expand the electricity distribution network and developing community energy projects to meet the demands of our growing community.

* See page 4 for explanation for higher dividend in 2012.



We provide leadership in energy conservation and demand management by offering expert advice, incentives, coupon and rebate programs, and tools to help customers better manage their energy usage and save money. The Guelph and Rockwood communities have responded enthusiastically to our efforts as evidenced by the company's progress towards achieving provincially mandated reductions in electricity consumption and peak demand in our service territory.

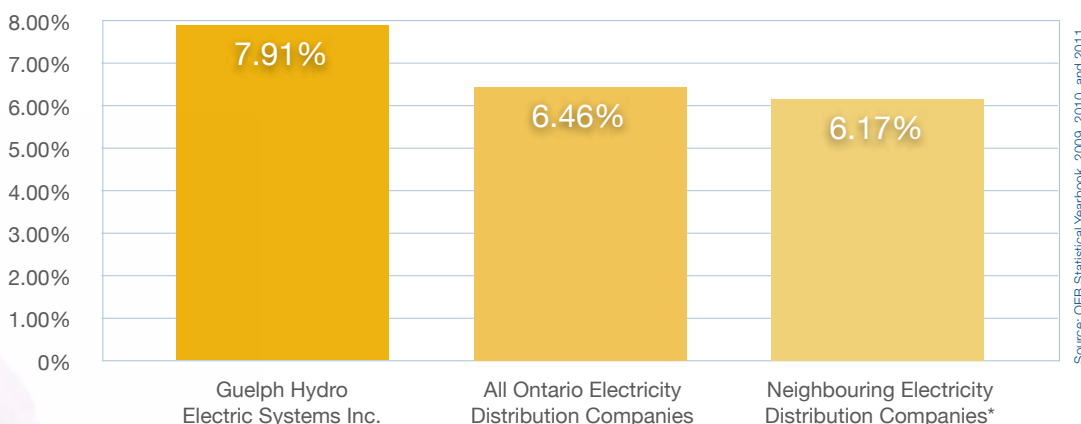
By the end of the third quarter of 2012, Guelph Hydro Electric Systems Inc. was ranked in the top five per cent in achieving energy consumption reductions and within the top 15 to 20 per cent in demand reductions when ranked against other electricity distribution companies in the province.

Because we have invested in smart, cost-efficient technologies and worked hard to keep operating costs down, our customers benefit from rates that compare favourably against those of other Ontario electricity utilities. (See charts on pages 18-19.)

We have a strong balance sheet, an investment-grade credit rating and maintain tight controls over spending. As a result, our shareholder, Guelph Municipal Holdings Inc., benefits from our dependable record of steady growth and stable dividends.

Despite operating in a business environment that is filled with challenges and uncertainties, in 2012 we provided our shareholder, Guelph Municipal Holdings Inc., with a dividend of \$1.5 million for fiscal year 2011 plus a dividend of \$1.5 million for fiscal year 2012. In total, over the past five years, Guelph Hydro Inc. has contributed \$9.75 million in dividends to its shareholder.

Average 2009 – 2011 Return on Equity Comparison



In the three-year period from 2009 to 2011, Guelph Hydro Electric Systems Inc. invested shareholder's equity to support the Guelph Community Energy Initiative and achieved a Return on Equity that was above the average of other electricity utilities in Ontario.

* Neighbouring electric utilities include: Cambridge and North Dumfries Hydro Inc., Centre Wellington Hydro Ltd., Halton Hills Hydro Inc., Kitchener-Wilmot Hydro Inc., Milton Hydro Distribution Inc., Wellington North Power Inc. and Woodstock Hydro Services Inc.

Participating in the Development of Public Policy

The energy sector in Ontario has become highly politicized in recent years. Policy decisions made by the government and our regulator, the Ontario Energy Board, have a tremendous impact on how Guelph Hydro operates so government relations have taken on a new importance.

As the energy industry transforms, we believe it is important that we provide viewpoints, information and business insight to assist in the development of sound energy and environmental policies that will:

- Ensure the safety and reliability of the provincial electricity supply
- Support investment in cleaner sources of energy
- Promote energy conservation
- Stimulate economic growth
- Improve the environment
- Maintain the affordability of electricity services

To ensure the interests of our shareholder and community are well represented, we meet regularly with municipal, provincial and federal government officials and government agencies.

“At Guelph Hydro, we face the future with excitement. We know the work we do today is important. It will result in a cleaner environment and a more secure energy future for generations to come.”

BARRY CHUDDY
CHIEF EXECUTIVE OFFICER
GUELPH HYDRO INC.

Industry Leaders and Trusted Advisors

Our reputation as a leader in the energy sector is growing. As a result, in 2012, Guelph Hydro staff members were frequently invited to participate as trusted advisors to government and industry, or as speakers at industry events.

In addition, over the past two years, Guelph Hydro has been serving as a member of the City of Guelph's delegation attending Transatlantic Urban Climate Dialogue workshops in Germany and the United States. These workshops are organized by the Environmental Policy Research Centre at the Freie Universität Berlin for a select group of policy makers, municipal leaders, energy experts and academics from Germany and North America.



The purpose of these workshops is to provide a forum in which participants can exchange ideas and learn from leading communities that have successfully adopted renewable energy and green transportation technologies, implemented energy efficiency building standards and initiatives, and used community energy projects to transform urban settings. Guelph Hydro is pleased to be partnering with the City of Guelph to host this distinguished group in Guelph in the spring of 2013.



A Growth Strategy for Long-Term Sustainability

Around us, Ontario's energy sector appears poised on the brink of transformation. Over the past few years, public policies, renewable energy, smart grid technologies, electric vehicles and changing customer relationships began to impact the way we do business.

Then, in April 2012, the Ontario Minister of Energy established the Ontario Distribution Sector Review Panel to provide advice to the government on how to improve efficiencies in the sector to reduce costs for consumers. The Panel's report, *Renewing Ontario's Electricity Distribution Sector: Putting the Consumer First*, released in December 2012, proposes a new model for electricity distribution in Ontario that focuses on consolidation of the local distribution company (LDC) sector and has the potential to fundamentally change the nature and structure of the utility industry.

Regulated Business Growth – Merger and Acquisitions

It remains to be seen whether all the players in Ontario's LDC sector—government, the regulator and utilities, along with their owners and the communities they serve—will take up the challenge. However, two years ago, Guelph Hydro had already identified growth of our regulated utility through mergers or acquisitions as a key success factor for the long-term sustainability of the business. By expanding geographically, overhead and administrative costs can be spread over a larger customer base. This could enable us not only to provide customers with reduced rates on the electricity distribution portion of their bill, but also to provide increased financial results for our shareholder.

Non-Regulated Business Growth – Wider Scope

Meanwhile, on the non-regulated side, we intend to grow by widening the scope of Envida Community Energy Inc. beyond “electricity” to “energy,” to encompass generation, thermal distribution systems and energy management assets. We see our role as an energy project “enabler,” either owning assets where it is prudent to do so or working with partners to help them develop and/or operate their own sustainable energy projects, first within Guelph and then extending beyond our borders.

In addition to supporting Guelph's Community Energy Initiative, these projects will act as a driver for economic growth. They will also increase the reliability and security of the electricity supply by reducing the community's dependence on power transmitted over long distances from larger, centralized power plants.

“In addition to taking care of day-to-day operations, Guelph Hydro is looking ahead and preparing wisely for the future. We believe abundant growth opportunities exist for both of our subsidiaries.”

JASMINE URISK
CHAIR
GUELPH HYDRO INC.
BOARD OF DIRECTORS

Our Three-Phase Pathway to Long-Term Growth

Our pathway to sustainable long-term growth for both the regulated and non-regulated parts of our business is seen as having three phases.



While the Panel had a very aggressive time frame, this timeframe is not inconsistent with the approach we have outlined in our strategic plan.

Looking forward, we can clearly see there will be many challenges associated with the new world of energy that is emerging. But we believe that change brings opportunity and, for Guelph Hydro, opportunities abound.

With the Guelph Community Energy Initiative as the foundation for our vision, a long-term strategy for growth and a team of skilled and talented people ready to take on new challenges, we look forward with excitement; confident we are ready to seize new opportunities as they arise to grow, enhance our position as a valued asset for our shareholder, stakeholders and the communities we serve, and meet our customers' evolving needs.

JASMINE URISK
CHAIR
GUELPH HYDRO INC. BOARD OF DIRECTORS

BARRY CHUDDY
CHIEF EXECUTIVE OFFICER
GUELPH HYDRO INC.

2012 Fast Facts

Total Full-Time Employees	120
Guelph Hydro Inc.	10
Guelph Hydro Electric Systems Inc.	110
Envida Community Energy Inc.	0

Service Territory	Guelph & Rockwood
Population – Guelph and Rockwood	128,600
Total service area	93 square kilometres

Total Customers	51,616
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Total Electricity Consumed	1,701 gigawatt hours
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Residential

Number of customer accounts	47,157
Total electricity consumption	365 gigawatt hours
Average monthly consumption	639 kilowatt hours

Commercial (Includes scattered loads, sentinel lighting and streetlighting.)

Number of customer accounts	4,454
Total electricity consumption	1,055 gigawatt hours

Large Industrial Users > 5,000 kilowatts

Number of customer accounts	5
Total electricity consumption	281 gigawatt hours

Total Assets	\$188.1 million
Overhead lines / Underground cable	431 kilometres / 672 kilometres
Total circuit length	1,103 kilometres (13.8 kilovolt = 1,055 kilometres, 8.32 kilovolt = 48 kilometres)
Municipal transformer stations / Substations	1 transformer station / 2 substations
Transformers	5,804
Poles	11,104
Fleet vehicles	42 (Includes 1 hybrid bucket truck, 1 hybrid car, 1 all-electric service van)
Electricity generation facilities	2 with a capacity of 2 megawatts of energy (MWe)
LEED®-certified office building and service centre	1

* Distribution system reliability indices (SAIFI, SAIDI, CAIDI) include all planned and unplanned interruptions lasting more than one minute. Momentary interruptions (MAIFI) last less than one minute.

Loss of supply refers to customer interruptions caused by an outage that occurs upstream of the Guelph Hydro Electric System Inc. distribution system.

Calculation formulas: SAIFI = Total customer interruptions / Total customers served; SAIDI = Total hours of customer interruptions / Total customers served; CAIDI = SAIDI/SAIFI; Average amount of time customers were without power = CAIDI * 60

Index of Reliability = (# of hours in the year – SAIDI) / (# of hours in the year)

Distribution System Performance

System Peak Demand

2012 peak demand – summer/winter	294 megawatts / 254 megawatts
Historical peak demand – summer / winter	297 megawatts in 2011 / 255 megawatts in 2007

Distribution System Reliability

Index of Reliability – Excluding / Including upstream loss of supply	99.9964% / 99.9840%
Average amount of time customers were without power in the event of a power outage	
Excluding upstream loss of supply	12 minutes
Including upstream loss of supply	33 minutes
SAIDI – System Average Interruption Duration Index	
Excluding upstream loss of supply	0.312 hours per year
Including upstream loss of supply	1.409 hours per year
SAIFI – System Average Interruption Frequency Index	
Excluding upstream loss of supply	1.491 hours per year
Including upstream loss of supply	2.526 hours per year
CAIDI – Customer Average Interruption Duration Index	
Excluding upstream loss of supply	0.209 hours per year
Including upstream loss of supply	0.558 hours per year
MAIFI – Momentary Average Interruption Frequency Index	
Number of momentary interruptions	278
Months with highest number of momentary interruptions	June, July

Generation System Performance

Electricity Generated by Guelph Hydro Inc.

Total electricity generated	12,183,865 kilowatt hours
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Envirda Community Energy – Rooftop Solar Facility

Total electricity generated	132,465 kilowatt hours
Average monthly generation	11,038 kilowatt hours

Envirda Community Energy – Eastview Landfill Gas Facility

Total electricity generated	12,051,400 kilowatt hours
Average monthly generation	901,833 kilowatt hours
Reliability performance	89.41%

Guelph Hydro – Emergency Backup Generator Kilowatt Hours

Total electricity generated	8,127 kilowatt hours
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Electricity Generated by Customers

Customer Feed-In Tariff (FIT) Installations	19
Total electricity generated	1,795,659 kilowatt hours
Average monthly generation	149,638
Customer microFIT Installations	155
Total electricity generated	876,832 kilowatt hours
Average monthly generation	73,069 kilowatt hours
Customer Renewable Energy Standard Offer Program (RESOP)	2
Total electricity generated	5,344 kilowatt hours



Our Strategic Approach

The Guelph Hydro Inc. strategic framework is aligned with the objectives of both our shareholder, Guelph Municipal Holdings Inc., and the City of Guelph. It supports and upholds the public trust invested in the company as the owner and operator of two organizations that have a critical role to play in facilitating growth and economic prosperity in the communities served:

- **GUELPH HYDRO ELECTRIC SYSTEMS INC.** provides critical infrastructure and electrical service to the community
- **ENVIDA COMMUNITY ENERGY INC.** is responsible for developing energy infrastructure projects that will assist the City of Guelph in achieving targets set out in the Guelph Community Energy Initiative and encourage economic development in the community

Our Strategic Imperatives

1. Deliver balanced financial, social and environmental returns by investing in sustainable energy management, technology, production, and distribution infrastructure
2. Be a leader in providing and implementing energy conservation and driving a sustainable energy culture
3. Be a leader in the safe, reliable, efficient, and economic generation and distribution of energy, while ensuring adequacy of supply to all current and future customers
4. Be a great place to work and communicate it to attract, inspire and retain employees to meet current and future business opportunities
5. Enhance our position as an asset to our shareholder, stakeholders and the communities we serve by facilitating local socio-economic development and environmental stewardship





Unique Relationship with the City of Guelph Benefits all Stakeholders

Guelph Hydro and the City of Guelph enjoy a strong, mutually beneficial, unique relationship characterized by frequent communication and meaningful dialogue.

At its core is the critical role we play supporting the visionary and internationally renowned Guelph Community Energy Initiative that sets out ambitious 25-year goals for energy and greenhouse gas reductions.

- Use 50 per cent less energy per capita (electricity, gas, water and transportation)
- Produce 60 per cent less greenhouse gas emissions per capita (5 tonnes versus 12 tonnes)
- Encourage and facilitate community-based renewable and alternative energy systems

As a key member of the Mayor's Task Force on Energy, we are working with the City and other community partners to achieve these environmental goals while simultaneously supporting the economic development objectives of the City.

Our non-regulated entity, Envida Community Energy Inc. is actively engaged with the City's Economic Development Department in order to leverage the company's activities developing community energy projects to attract and anchor companies, jobs and investment in the City of Guelph.

Central to our vision for our community is the creation of highly-efficient thermal energy networks—starting with one in the new Hanlon Creek Business Park and one in the downtown core*—that will attract investors and businesses. We believe our strategy to invest in a more sustainable energy infrastructure to benefit the community, enhanced by strategic partnerships, will prove to be a competitive advantage that will create long-term value for our communities.

“Guelph Hydro is an important part of the engine of economic development in the Guelph community.”

KAREN FARBRIDGE
MAYOR OF GUELPH

GUELPH'S ENERGY USAGE ON THE DECLINE

In 2012, the Guelph Mayor's Task Force on Energy and the Guelph Community Energy Initiative reported that, despite a population increase of nearly 16 per cent, energy usage and greenhouse gas emissions per capita are on a five-year decline.

Data for this report was collected and analyzed by Guelph Hydro Inc. based on internationally recognized measurement processes published by the International Council for Local Environmental Initiatives (ICLEI). The data measures consumption of electricity, gas and natural gas in the City of Guelph and greenhouse gas emissions from various sectors including transportation, residential and industrial.



Photo courtesy of the Independent Electricity System Operator

* See details on pages 28-30.



Our Vision, Mission, Goals and Values

Our Vision

An energy company powering sustainable communities.

Our Mission

Provide superior customer service while investing in energy-related initiatives that benefit the communities in which we operate and align with the energy-related objectives of the Province of Ontario, the City of Guelph, and our shareholder, Guelph Municipal Holdings Inc.; thus, enabling the Guelph Hydro group of companies to grow and enhance our position as an industry leader.

Our Goals

1. Keeping the “lights on” in the communities we serve
2. Benefiting our communities through realizing the goals of the Guelph Community Energy Initiative
3. Implementing a sustainable growth strategy in appropriate platforms
4. Earning a fair and reasonable return for our shareholder

Our Core Values

Safety, Reliability and Efficiency

We believe we earn employee and customer respect by operating safely, reliably and efficiently.

Caring

We care about our people. We foster and respect their talents and value the contribution they make to the company's ongoing success.

Relationships

We are proud of the solid, long-term relationships we are forging with our employees, customers, the communities in which we operate and the energy industry, built on a platform of integrity, partnership and respect.

Innovation and Leadership

We believe innovative thinking, leadership skills and adaptability drive our business success.

Environmental Stewardship

We are committed to environmental stewardship, contributing to building sustainable communities and helping to create a culture of energy conservation in Ontario.

“We believe by taking a long-term approach, as modeled in Guelph’s Community Energy Initiative, and working together, we will continue to make steady progress towards building a cleaner, sustainable energy future for our customers, our community and the province.”

BARRY CHUDDY
CHIEF EXECUTIVE OFFICER
GUELPH HYDRO INC.

Committed to Meeting the Needs of Our Key Stakeholders

Customer Needs

A safe, reliable, affordable supply of electricity today and confidence in Guelph Hydro's ability to provide the infrastructure and services to meet the future energy needs of the community.



Employee Needs

A safe work environment, challenging work, professional development, competitive compensation and benefits, and opportunities to contribute to the company's future and community well-being.



Shareholder Needs

A fair return on investment and a strategy that clearly contributes to the growth, economic prosperity and sustainable energy goals of the community.



Government Needs

Strategies that support the energy, environmental and economic goals of the Province of Ontario.



Regulator Needs

Proof, for review by the Ontario Energy Board, that operational costs are prudent, plans for the future are economically and environmentally responsible, and service is reliable.



Our Approach to Sustainability

Guelph Hydro's companies are working to help move the communities we serve towards a sustainable energy future and a cleaner environment for the benefit of current customers and generations to come.

Guelph Hydro Electric Systems Inc. is accountable for providing a safe, reliable and affordable supply of electricity to the Guelph and Rockwood communities.

Envida Community Energy Inc., our diversified energy infrastructure company, generates electricity from solar and biogas energy and is responsible for developing energy projects that will assist the City of Guelph in achieving targets set out in the Guelph Community Energy Initiative.

Our Sustainability Policy sets forth Guelph Hydro's commitment to make decisions and operate our businesses in a sustainable and responsible manner — in a way that will deliver balanced economic, social and environmental returns that will ensure the success and future viability of our company for the benefit and well-being of all our stakeholders.

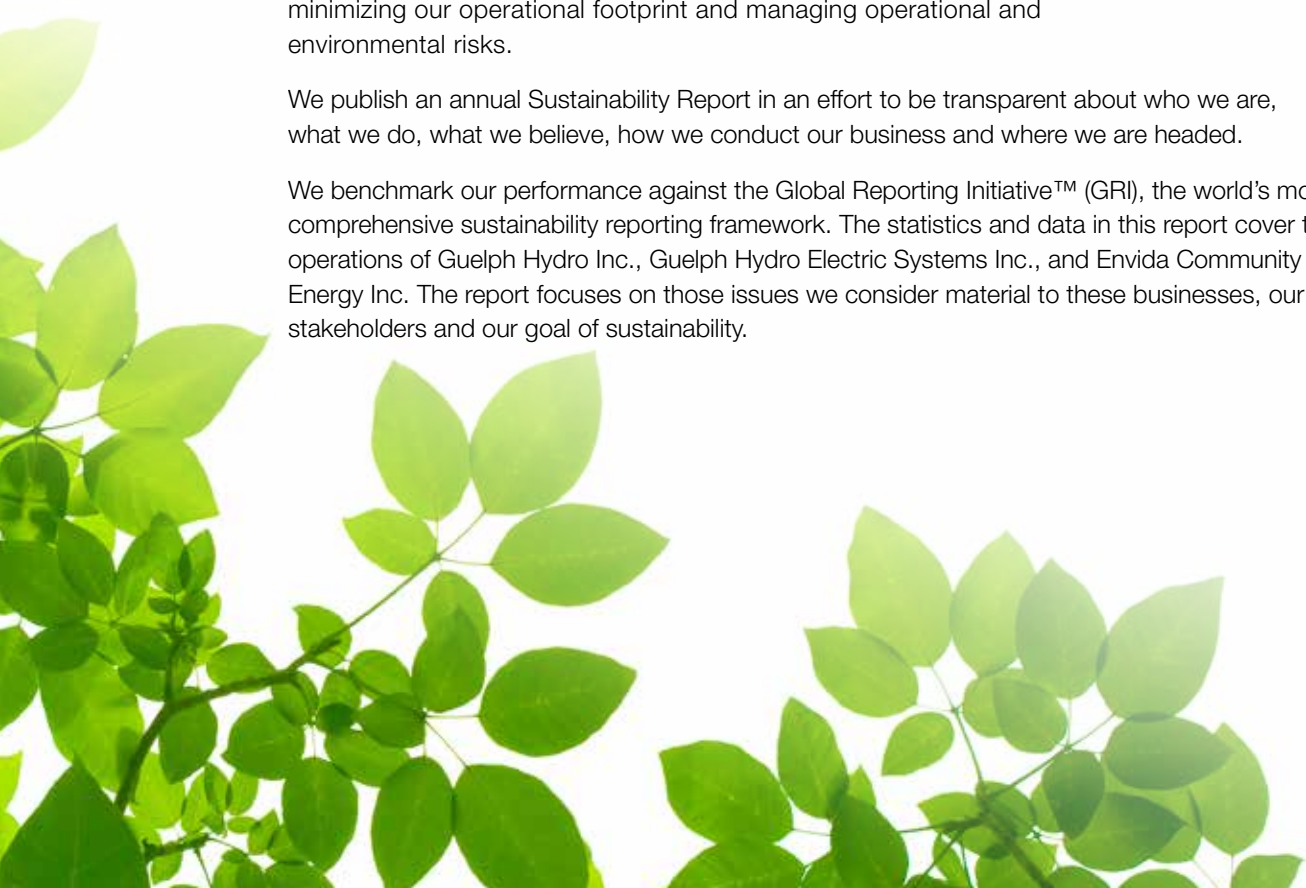
Guelph Hydro has made sustainability an integral part of planning and decision making and has adopted best practices for minimizing our operational footprint and managing operational and environmental risks.

We publish an annual Sustainability Report in an effort to be transparent about who we are, what we do, what we believe, how we conduct our business and where we are headed.

We benchmark our performance against the Global Reporting Initiative™ (GRI), the world's most comprehensive sustainability reporting framework. The statistics and data in this report cover the operations of Guelph Hydro Inc., Guelph Hydro Electric Systems Inc., and Envida Community Energy Inc. The report focuses on those issues we consider material to these businesses, our stakeholders and our goal of sustainability.

“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

**BRUNDTLAND COMMISSION
OF THE UNITED NATIONS – 1987**



Evaluating Our Performance

ECONOMIC VALUE is evaluated by our success in maintaining a strong balance sheet and credit rating, meeting or exceeding all local, provincial and federal regulatory and legislative requirements, and creating value for our stakeholders while facilitating the growth, economic prosperity, and vitality of the communities we serve.

Our corporate involvement in the community means that economic and social benefits are shared by the people of Guelph and Rockwood. We create prosperity in communities through our operations and projects, including:

- Direct and indirect job creation, which results in increased income and leads to local prosperity and development
- Increased tax revenue and infrastructure, which enhance community life and sustainability
- Community development

In 2012, Guelph Hydro Inc. generated more than \$45 million in direct economic value for the communities it serves and the province generally. (Refer to chart on page 16 for additional detail.)

ENVIRONMENTAL STEWARDSHIP is evaluated by our success in meeting or exceeding all environmental laws and regulations, championing energy conservation, investing in sustainable forms of energy, and reducing our impact on the environment.

SOCIAL RESPONSIBILITY is evaluated by our performance ensuring employee and public safety, providing high-quality customer services, giving back to our communities, and ensuring that ethical business practices and effective systems of corporate governance are in place.

We are committed to providing a safe and respectful workplace where employees are highly valued, treated fairly, provided with challenging and meaningful work, and benefit from opportunities for knowledge growth and career development.

Measuring Our Performance Against an International Standard for Sustainability

We measure our sustainability performance using the Global Reporting Initiative™ (GRI), an internationally recognized standardized framework and indicators for disclosing an organization's environmental, social and economic performance.

Additional information about the GRI can be found on page 56. A detailed GRI Content Index is included on pages 58 to 64.

We welcome your feedback on this report and our sustainability efforts. Comments may be addressed to: sustainability@guelphhydro.com



Economic Value

At Guelph Hydro, our economic performance is a careful balancing act of creating value for our stakeholders while helping the communities we serve grow, prosper and make progress towards a sustainable energy future. We are proud of our reputation for being an integral part of our community and an essential contributor to its economic growth and prosperity.

Fostering Economic Growth

Guelph Hydro Inc. and its subsidiaries foster economic growth by:

- Providing the electrical and thermal distribution infrastructure and services required to meet the needs of our growing community.
- Helping to attract new businesses to the community by developing and implementing energy projects to support the goals of the Guelph Community Energy Initiative. (See page 11.)
- Indirectly creating jobs in local companies that supply goods and services.

Creating Economic Value and Benefits

Economic value created by Guelph Hydro is fundamentally measured in terms of:

- **FINANCIAL PERFORMANCE** – Consistently fair shareholder return. For our regulated entities, this is primarily based on the return on equity allowed by our regulator, the Ontario Energy Board, and affordable rates.
- **OPERATIONAL EXCELLENCE** – Safety and reliability of the energy supplied.

However, the communities we serve also derive a variety of other economic benefits that, in 2012, amounted to more than \$45 million*. Direct benefits include jobs, tax payments and dividends, capital expenditures, business opportunities for local firms, incentives paid for energy conservation efforts and donations to charities.

Direct Economic Benefit* Generated by Guelph Hydro Inc.

In 2012, Guelph Hydro Inc. generated more than \$45 million in direct economic value for the communities it serves and the province generally.

Operating Expenses <i>Property taxes, water costs, facility costs, professional fees, local purchasing, employee compensation and benefits, etc.</i>	\$17.3 million
Dividends paid to the shareholder, Guelph Municipal Holdings Inc.	\$3.0 million
Capital expenditures	\$11.5 million
Payments to capital providers and government	\$1.1 million
Energy incentives and rebates <i>Includes Ontario Clean Energy Benefit, generation rebates, and conservation and demand management incentives</i>	\$12.2 million
Corporate giving <i>Including employer and employee contributions</i>	\$0.1 million

* In order to measure our general financial impact on our communities, Guelph Hydro uses the key Global Reporting Initiative metric of direct economic value. This GRI metric calculates the value generated and distributed including: revenues, operating costs, employee compensation, donations, other community investments, retained earnings and payments to capital providers and government.

Financial Performance

Guelph Hydro Inc. is committed to maintaining the Corporation's solid financial standing and providing our shareholder, Guelph Municipal Holdings Inc., with a fair return on investment while growing the balance sheet. We deliver strong economic results, while continuing to ensure the affordability of our services for customers. This is achieved through disciplined financial administration, prudent capital investment, careful management of risks, cost-effective and efficient business practices, and the strategic growth of our non-regulated business.

Consistently Solid Shareholder Return

Guelph Hydro has always prided itself on providing its shareholder with a consistent, solid financial return. In 2012, our track record was upheld with the payment of a dividend of \$3 million* to our shareholder, Guelph Municipal Holdings Inc., which is 100 per cent owned by the City of Guelph.

In total, over the last five years, Guelph Hydro Inc. has contributed \$9.75 million in dividends to its shareholders; clear evidence of the company's commitment to provide a dependable return on equity.

Guelph Hydro's financial strength is reflected in the company's investment-grade, "A" credit rating from Standard & Poor's.

Benefits of Our Strong Financial Performance

Maintaining a strong balance sheet and credit profile enables us to:

- Support significant capital investment programs to ensure safety and reliability
- Modernize and expand the electricity distribution network to support community growth
- Invest in sustainable energy solutions for the future in support of the Guelph Community Energy Initiative

“The new era of electrification will involve more efficient utilities, with a stronger capital base that will enable them to modernize their equipment...”

**RENEWING ONTARIO'S
ELECTRICITY DISTRIBUTION
SECTOR: PUTTING THE CONSUMER
FIRST – THE REPORT OF THE ONTARIO
DISTRIBUTION SECTOR REVIEW PANEL**

* Despite operating in a business environment that is filled with challenges and uncertainties, in 2012 we provided our shareholder, Guelph Municipal Holdings Inc., with a dividend of \$1.5 million for fiscal year 2011 plus a dividend of \$1.5 million for fiscal year 2012.



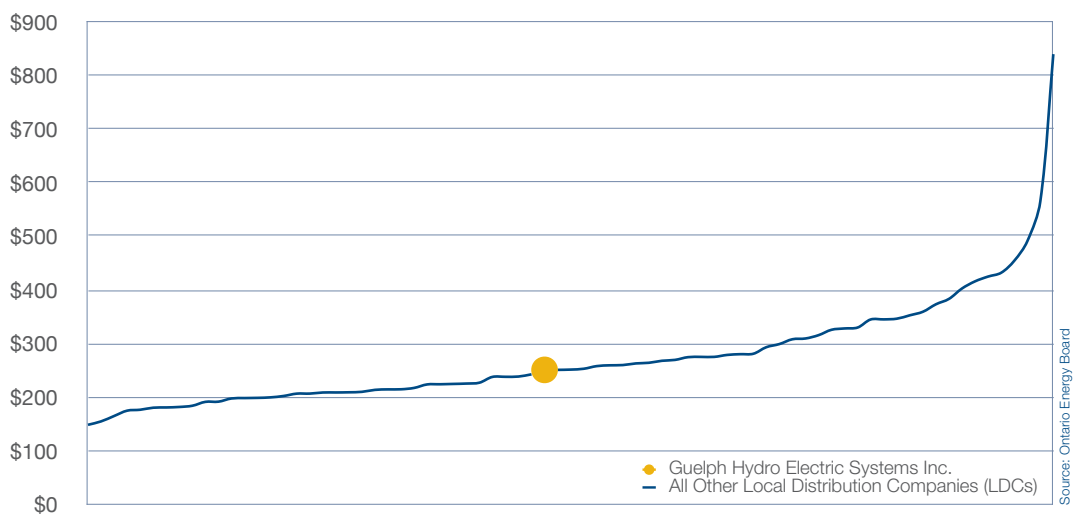
Affordable Rates for Electricity Distribution

The Ontario Energy Board has the responsibility for setting electricity rates across the province. However, electricity distribution charges for each of Ontario's 77 local distribution utilities vary widely, reflecting each utility's unique operational structure and costs. As a result, customer electricity bills differ depending on the utility service territory in which they are located.

When applying for new distribution rates, Guelph Hydro Electric Systems Inc. endeavours to keep rates affordable while generating enough revenue to support capital projects to upgrade and expand the network to meet the needs of our growing community.

Our ability to run an efficient and productive operation can also be measured by comparing our operating, maintenance and administration (OM&A) costs per customer against those of other utilities.

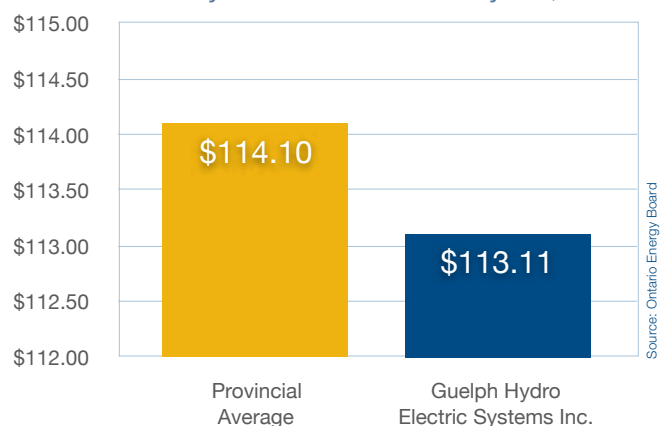
Operating, Maintenance and Administration (OM&A) Costs per Customer



Residential Customers

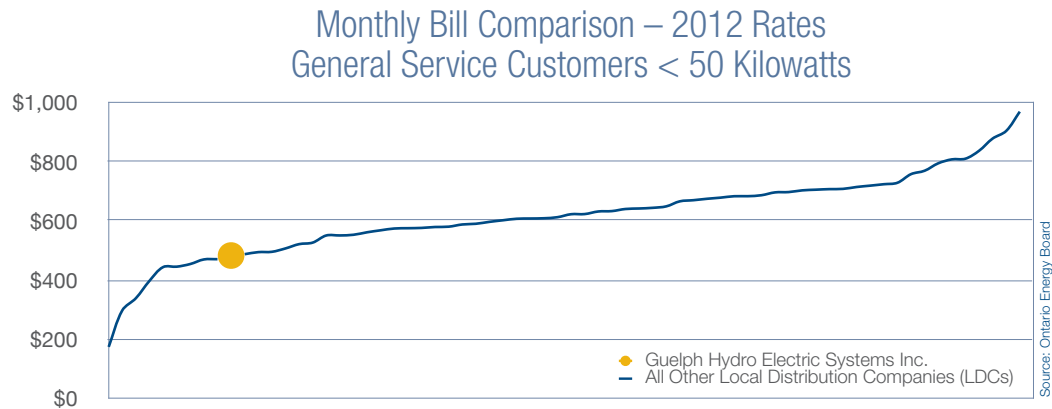
Because we have invested in smart, cost-efficient technologies and worked hard to keep operating costs down, the bill of a typical Guelph Hydro Electric Systems Inc. residential customer using 800 kilowatt-hours of electricity per month compares favorably against those of other utilities.

Monthly Residential Electricity Bill, 2012

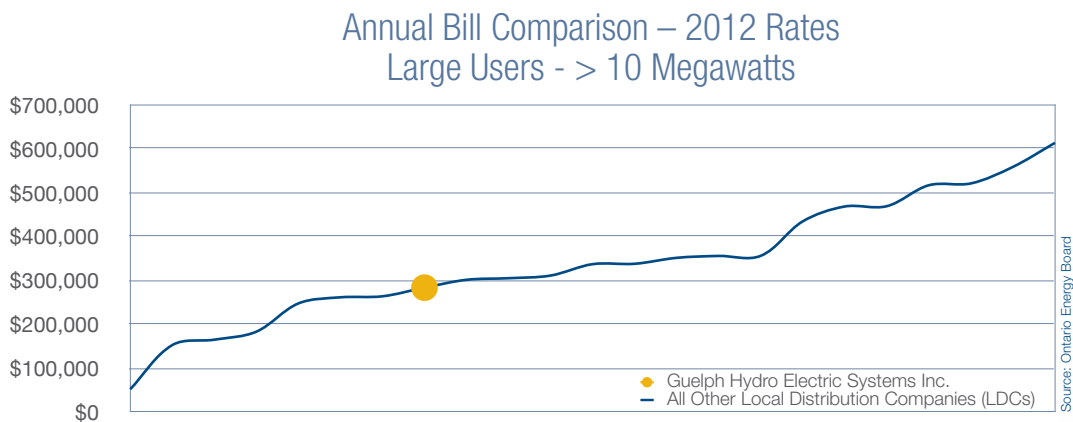
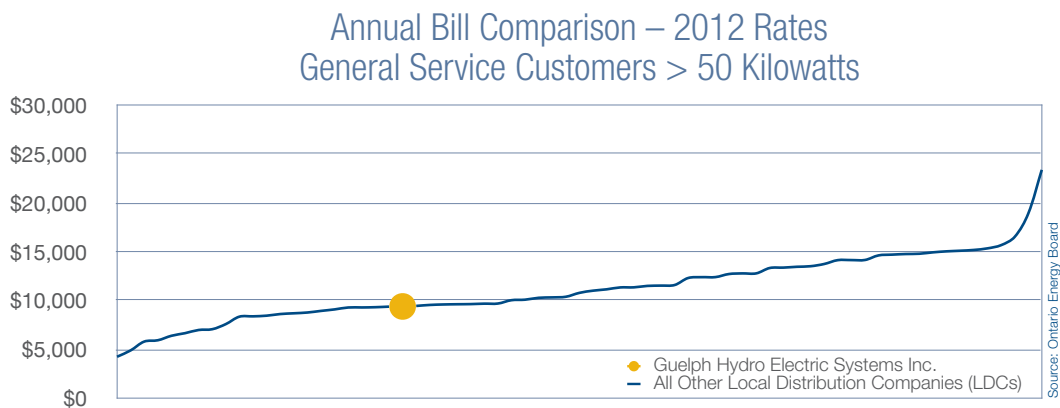


Commercial Customers

Small commercial customers benefit from monthly electricity bills that are substantially below those found in other communities.



Annual bills for our medium and large commercial customers are also below average. This can be a determining factor for businesses looking to locate in an Ontario community.



Risk Management

A wide range of risk is involved not only in delivering a safe, reliable and affordable supply of energy to the thousands of homes and businesses that depend on us, but also in developing sustainable energy projects to benefit the community.

Although risk cannot be entirely eliminated, Guelph Hydro is committed to effectively managing risk and taking all reasonable measures to ensure the safety of our employees, our customers and the public.

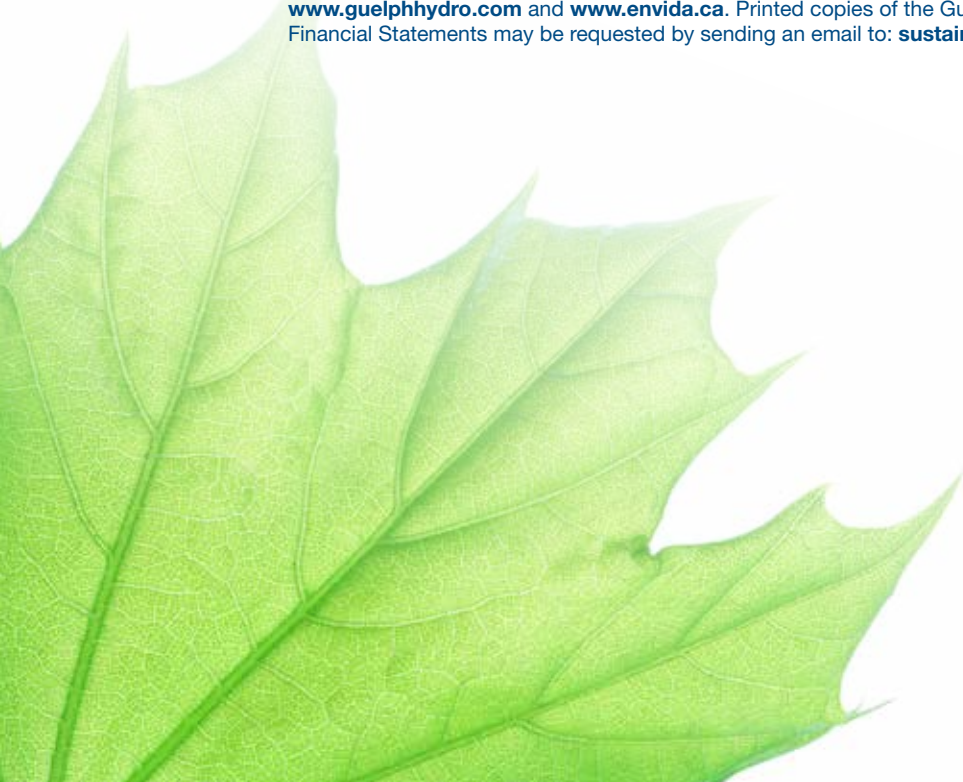
- **OPERATIONAL RISK MANAGEMENT** includes activities that manage risk that could have a severe impact on safety, customer service or the organization's financial standing.
- **PHYSICAL RISK MANAGEMENT** includes security and access control, theft prevention, cyber security, fire prevention and management of risks associated with the physical assets of our network.
- **COMPLIANCE RISK MANAGEMENT** includes all programs designed to ensure that the company complies with all legislative, legal and regulatory requirements.
- **CREDIT RISK MANAGEMENT** includes activities that manage the risk associated with customer receivables for entire amounts billed with the exception of the Debt Retirement Charge.

In 2012, the company initiated an internal audit program to provide independent, objective assurance over the adequacy of processes and controls to manage business risk.

Guelph Hydro Inc. 2012 Financial Statements are available at: www.guelphhydroinc.com, www.guelphhydro.com and www.envida.ca. Printed copies of the Guelph Hydro Inc. 2012 Financial Statements may be requested by sending an email to: sustainability@guelphhydro.com

“Safety, reliability and the ability to meet an increasing demand for electricity in our growing community are key issues for Guelph Hydro.”

MICHAEL WITTEMUND
DIRECTOR, ENGINEERING
GUELPH HYDRO ELECTRIC
SYSTEMS INC.



Operational Excellence

Safely delivering a reliable supply of energy to almost 52,000 homes and businesses in our service territory is the number one goal. This is how we have always earned the public's trust and confidence, and 2012 was no exception.

However, the energy sector is changing rapidly. Advances in automation, communications and other smart grid technologies; the need to integrate intermittent renewable energy sources and electric vehicles into distribution networks; and the ever-increasing consumer demand for up-to-the-minute information; are creating new operational challenges for all utilities.

Today's high-performing utilities need to be forward focused to meet the challenges of the transforming energy landscape head on.

Guelph Hydro has long enjoyed a reputation as an innovative, forward-thinking leader in the industry. We work hard to stay at the leading edge of technological advancements in order to improve the efficiency, reliability and sustainability of our distribution infrastructure for the benefit of our customers, the community and our shareholder.

“Engineering changes made by Guelph Hydro in direct support of Owens Corning as well as advocacy with organizations like Hydro One have resulted in measurable improvements in power reliability to our facility.”

**F CHARLES WHITE,
PLANT MANAGER, OWENS
CORNING COMPOSITE MATERIALS
GUELPH GLASS PLANT**

Preventing Outages and Ensuring Reliability

Power outages can be caused by storms, animals and equipment failure impacting either Guelph Hydro Electric System Inc.'s local distribution network or the province's transmission system that transmits power from generating stations to our community.

We operate a highly reliable, modern, local distribution network that is the direct result of robust design standards, well-planned capital upgrade and expansion programs, diligent preventative maintenance, and wise investments in advanced smart grid technologies that help prevent and minimize outages.

Despite weather extremes and high demand periods in 2012, the average Guelph Hydro Electric Systems Inc. customer was without power as a result of failures on our network for only 12 minutes out of 527,040 minutes during the year. Unfortunately, however, customers lost an additional 33 minutes of power due to interruptions on the Hydro One transmission system upstream of Guelph. Hydro One has plans awaiting approval to upgrade and reinforce the electricity supply into Guelph by 2016 in order to improve reliability of the supply to the region.

Investing in Reliability

Spent \$2.56 million to replace aged distribution system assets

Trimmed trees encroaching on overhead lines in 33 per cent of our service area

Performed infra-red scans that enable the early detection of degrading equipment, prevent power outages caused by equipment failure and prolong service life



Capital Projects to Accommodate Growth

Guelph is one of the fastest growing communities in Ontario, attracting new housing developments and commercial establishments, all of which need a safe, reliable supply of electricity.

In 2012 alone, Guelph Hydro Electric Systems Inc. connected 13 new residential subdivisions adding approximately 500 detached homes, townhouses and apartment units to the electricity distribution network.

In order to meet the needs of the growing community, in 2012 Guelph Hydro Electric Systems Inc. commissioned a new 115-kilovolt smart grid-enabled transformer station and invested \$17.1 million to operate, maintain, upgrade and expand infrastructure to ensure the reliability, resiliency, efficiency and security of the network. Looking forward, up to \$35.7 million is planned to be invested over the next three years to replace aging infrastructure, increase capacity, grow the use of smart grid technologies and expand the network into new neighbourhoods.



To meet the anticipated increase in demand that will result from new commercial enterprises and housing developments locating in the south end of Guelph, in 2012, Guelph Hydro Electric Systems Inc. commissioned a new 115-kilovolt, smart grid-enabled municipal transformer station. This new transformer station will provide sufficient capacity for 20 years of growth and will serve as contingency backup for the community's other transformer stations.

Highlights of 2012 Capital Projects Plan

- **HANLON CREEK BUSINESS PARK, PHASE 2**
New pole line and distribution circuits to accommodate a new industrial business park
- **HANLON PARKWAY LAIRD ROAD INTERSECTION**
Distribution system facilities to accommodate the Ministry of Transportation of Ontario Laird Road interchange
- **VICTORIA ROAD SOUTH**
Relocation of equipment to accommodate road widening by the City of Guelph
- **PARKWOOD GARDENS**
Upgrade of underground facilities and the removal of pole transformers
- **ALICE STREET, LYNWOOD PLACE, CLARK STREET EAST, NICKLIN ROAD**
Rebuild overhead pole lines

Sophisticated Asset Management System Guides Investment

Our multi-million dollar asset management and replacement plan is guided by a sophisticated, in-house-developed system that plots the locations of assets on a GIS* map overlaid with information about the life of the asset and maintenance schedules.

Investing in a Smarter Grid

Across North America, traditional electricity distribution networks are being replaced with smart grids that use computers, sensors, automation, digital communications and monitoring systems to facilitate the two-way flow of electricity and information and increase reliability.

Guelph Hydro Electric Systems Inc. has been proactively upgrading its electricity distribution network for many years. Today we operate a sophisticated, modern, electricity network that features many of the advanced technologies that are the hallmark of a smart grid. These include a remotely controlled, smart grid-enabled transformer station, almost 51,000 smart meters equipped with ZigBee® chip functionality and a network equipped with approximately 100 remotely operable switches and 30 intelligent monitoring systems.

We are deploying additional intelligent devices every year as part of our normal asset replacement program in order to continue to enhance the performance of our smart grid.

Benefits of a Smart Grid

Increased reliability

Improved response times to identify and respond to outages

Ability to accommodate local generation from renewable sources

Opportunity for consumers to better manage their energy use and costs

“Some parts of Guelph Hydro’s distribution network are “self-healing” thanks to automated controls and switches that have the ability to detect a fault, isolate it and reroute power to restore service automatically. This is one of the hallmarks of a smart grid.”

KAZI MAROUF
CHIEF OPERATING OFFICER
GUELPH HYDRO ELECTRIC
SYSTEMS INC.



A poster illustrating Guelph Hydro's smart grid is available at: www.guelphhydro.com. Hard copies of the poster may be requested by sending an email to: sustainability@guelphhydro.com

* GIS = Geographic Information System



Preparing Our Network for Electric Vehicles

We expect that over the next few years, residents and fleet managers will increasingly purchase plug-in electric vehicles. When charging, an electric vehicle has the potential to draw about as much power as a typical house. Therefore, one of the challenges facing Guelph Hydro Electric Systems Inc. will be the need to plan and budget for upgrades to the existing infrastructure to accommodate this increasing load.

Integrating Renewable Energy

As Ontario's electricity system becomes greener, it is also becoming more diverse, with smaller-scale generation being built within communities. Through the Ontario Power Authority's Feed-in-Tariff (FIT) and microFIT programs, homeowners, community groups, faith communities and businesses are installing solar panels and other forms of renewable generation.

To date, Guelph Hydro Electric Systems Inc. has provided the connection for 176 customer-owned rooftop and ground-mounted solar facilities that have the potential to feed more than 6,000 kilowatts of power into the Ontario grid.

Looking forward, we will continue to invest in capital to upgrade the network to accommodate more and different sources of renewable and sustainable energy in the community.



Photo courtesy of Ontario Energy Matrix

The Guelph Community Energy Initiative has a target of 1,000 solar roofs. The 176 solar installations connected by Guelph Hydro Electric Systems Inc. have the potential to generate 6,000 kilowatts of electricity for the Ontario grid.

Environmental Stewardship

Developing Sustainable Energy Communities, Championing Energy Conservation and Protecting the Environment

At Guelph Hydro, our mission is to invest in energy-related initiatives that benefit the communities in which we operate and align with the energy-related objectives of the Province of Ontario, the City of Guelph, and our shareholder. Central to this approach is our role working hand-in-hand with the City of Guelph to achieve the goals for 2031 set out in Guelph's internationally renowned Community Energy Initiative:

- Use 50 per cent less energy per capita (electricity, gas, water and transportation)
- Produce 60 per cent less greenhouse gas emissions per capita (5 tonnes versus 12 tonnes)
- Encourage and facilitate community-based renewable and alternative energy systems including combined heat and power, district energy networks and renewable energy

When these goals are achieved, Guelph will be positioned among the top energy performers in the world, making it one of the most competitive and attractive communities in which to invest.

Environmental Areas of Focus

In 2012, we worked diligently to make progress on our environmental goals by focusing efforts on the following areas:

- Developing sustainable energy projects as a driver for economic growth
- Championing energy conservation and demand management
- Protecting the environment
 - › *Green Transportation*
 - › *Water and waste management*
 - › *Wildlife protection*

Behind the scenes, on a day-to-day basis, our environmental strategy is focused on meeting or exceeding compliance requirements with all environmental laws, regulations and company policies. We have made environmental management an integral part of planning and decision-making, and have adopted best practices for managing operational and environmental risks.

We believe that responsible environmental management is essential to our success and we seek to continually improve our performance.

“At Guelph Hydro we take our role as environmental stewards seriously and conduct all our business activities based on environmentally sound and accepted practices.”

KAZI MAROUF
CHIEF OPERATING OFFICER
GUELPH HYDRO ELECTRIC
SYSTEMS INC.



Environmental Stewardship Award

Guelph Hydro's efforts to improve the environment were recognized in 2012 with the Guelph Chamber of Commerce Environmental Stewardship Award.

Environmental Policy Statement

The Guelph Hydro commitment to environmental stewardship is enshrined in the company's Environmental Policy which is upheld by all employees in carrying out their jobs.

Guelph Hydro Inc. and all subsidiary companies share in the goals of our customers, stakeholders, employees, business partners and public at large to enjoy the benefits of a healthy environment. We are dedicated to respecting and protecting the environment, in full compliance and consistent with legal requirements and corporate social responsibility expectations.

In delivering on this commitment, Guelph Hydro:

- Uses the Environmental Policy as the framework for setting and reviewing environmental objectives and targets
- Makes environmental management an integral part of planning, decision making and business practices as it pursues environmental excellence
- Ensures and uses appropriate opportunities to continually improve its environmental performance, environmental management systems and compliance
- Employs an effective Environmental Management System appropriate to the nature, scale and impacts of its businesses
- Considers prevention of pollution its first option, in preference to remediation or contamination
- Works with stakeholders to promote the most effective use of our projects and services
- Services customers in a manner that uses resources as efficiently and sustainably as possible
- Strategically collaborates with government in the development of financially responsible and technically sound environmental laws and regulations
- Makes appropriate training available to all employees to ensure that their work is conducted in an environmentally responsible manner
- Openly communicates with all stakeholders on environmental policy and performance



Lloyd Longfield, President and Chief Administrative Officer, Guelph Chamber of Commerce (left) presents Barry Chuddy, Chief Executive Officer, Guelph Hydro Inc. with the 2012 Guelph Chamber of Commerce Environmental Stewardship Award.

Sustainable Energy Projects as a Driver for Growth

With Guelph's Community Energy Initiative as its foundation and inspiration, Guelph Hydro Inc., Envida Community Energy Inc. and the City of Guelph are pioneering a collaborative approach to municipal energy planning and management designed to attract and anchor companies, jobs and investment, while moving the community towards a cleaner, sustainable energy future.

In 2010, the City of Guelph named Guelph Hydro Inc. as the primary developer of energy-related projects to support the Guelph Community Energy Initiative. Since that time, Guelph Hydro Inc. and its subsidiary company, Envida Community Energy Inc. have been working to develop sustainable energy projects within City-owned assets. This includes leasing roofs of municipal buildings for solar installations and developing district energy projects to serve as the foundation for a cleaner, highly efficient energy infrastructure, underpinning the overarching energy plan of the City.

Sources of Energy in the Community

	Envida Community Energy	Guelph Community
Installed / Connected		
<i>Rooftop Solar – FIT</i>	100 kWe	4,585 kWe
<i>Rooftop and Ground-Mounted Solar – microFIT</i>	--	1,154 kWe
<i>Eastview Generating Station – Biogas Plant</i>	1,850 kWe	--
<i>Combined Heat and Power</i>	--	1,400 kWe
Under Development		
<i>District Energy</i>	2,200 kWt	--
<i>Combined Heat and Power</i>	400 kWe	--

kWe = Kilowatt of electrical energy / MWe = Megawatt of electrical energy / kWt = Kilowatt of thermal energy



Since going live in June 2011, Guelph Hydro's rooftop solar installation has generated 223,325 kilowatt-hours of electricity; enough to power about 260 homes for one year. Building on the success of the Guelph Hydro installation, Envida Community Energy evaluated the roofs of municipal buildings and submitted seven project applications to the Ontario Power Authority for another 2,000 kilowatts of rooftop solar.





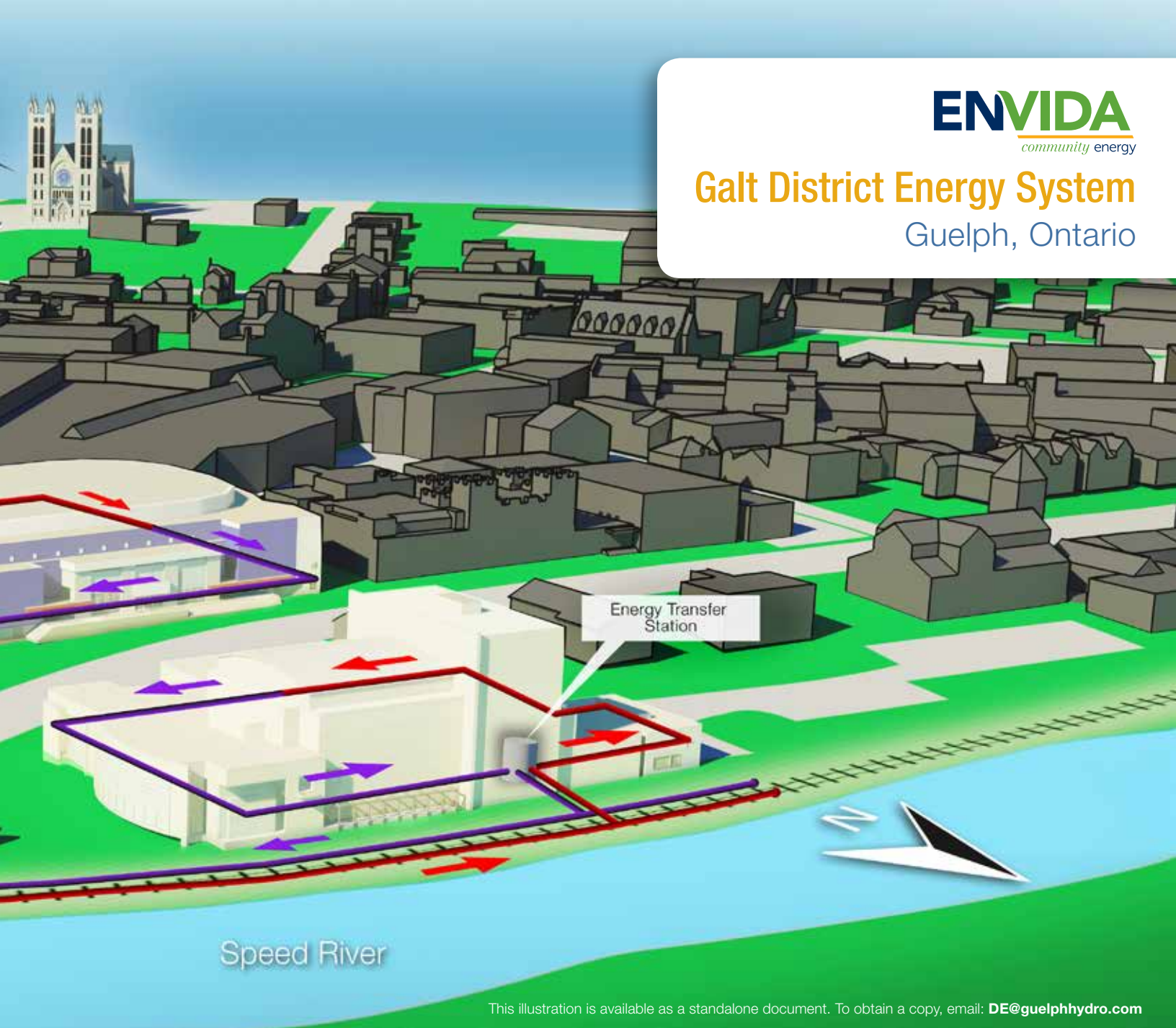
District Energy Systems

A Catalyst for Economic Development

Although common in other parts of the world, North American communities are only now beginning to view the clean, economical, reliable energy that can be provided by a district heating grid as a method of attracting development.

Envida Community Energy Inc. is working with the City of Guelph to establish major district energy projects that will provide a clean, efficient, centralized source of thermal energy for heating and cooling. These projects are expected to help attract new residents and businesses; thereby serving as a catalyst for economic development for the City.

Moreover, these district energy developments are expected to serve as the “seed” for a new energy distribution architecture that will evolve to enable the majority of the City to be served with cleaner energy choices that will optimize cost, availability, and environmental impact, long into the future.



Galt District Energy System

Guelph, Ontario

This illustration is available as a standalone document. To obtain a copy, email: DE@guelphhydro.com

What is District Energy?

A district energy system delivers thermal energy (hot water/steam or cool water) from a central plant via underground pipes to heat and cool buildings. Around the world, district energy systems are commonly used to provide thermal energy to hospitals, universities, government buildings, convention centres, factories, industrial parks and residential neighbourhoods.

Benefits of District Energy

- Reduced fuel costs
- Relief from volatile electricity and gas prices
- Avoidance of capital costs
- Reduced space requirements
- Reduced greenhouse gas emissions
- Dependable, high-quality thermal energy
- Improved reliability



Thermal Energy for Greenfield Site



Ready for District Energy - With an eye to the future, a newly constructed building located in the Hanlon Creek Business Park has been equipped with the underground pipes necessary to hook into the Envida Community Energy's planned district energy network.

Hanlon Creek Business Park

When the Hanlon Creek Business Park was in the concept stage, City Planners put in easements for district energy piping. Meanwhile, Guelph Hydro ensured the electricity system could easily accept energy generated by local renewable energy facilities such as rooftop solar and could accommodate parking lots equipped with electric vehicle charging stations.

- 675 acre, mixed use business park
- Expected to attract 10,000 new jobs by 2031
- District energy system
 - Hot and chilled water for heating and cooling
 - Steam and chilled water for process
 - Fuel: Natural gas



“Guelph Hydro and the City of Guelph are planning highly efficient, clean energy infrastructure to support the community’s growth objectives while reducing its carbon footprint.”

RON COLLINS, VICE PRESIDENT, BUSINESS DEVELOPMENT AND PARTNERSHIPS, GUELPH HYDRO INC.

Championing Energy Conservation and Demand Management

Guelph Hydro Electric Systems Inc. excels in promoting energy conservation to customers, ranking fifth in the province* in achieving energy savings against 2014 targets set by the Ontario Energy Board for all electricity distributors in Ontario.

Progress Against Provincial 2014 Energy Conservation Targets

These 2011-2012 energy conservation results are preliminary based on an Ontario Power Authority 2012 Q4 Status Report. We note that these results are incomplete and subject to change, as many of the mass-market program results have not yet been processed by the Ontario Power Authority.

	Provincial 2014 Target	Guelph Hydro Electric Systems Inc. 2014 Target	Unverified Savings to Date	% of Target	Provincial Ranking (# of 76)
Reductions in Peak Demand	1,330 megawatts	16.7 megawatts*	5.7 megawatts**	34.3%	#17
Reductions in Consumption	6,000 gigawatt hours	79.53 gigawatt hours***	76.5 gigawatt hours***	96.1%	#5

* 2014 net annual peak demand savings

** Equivalent to removing one of Guelph Hydro Electric System Inc.'s largest customers from the grid

*** Net cumulative energy savings

In 2012, energy conservation programs resulted in energy savings of more than 6,332 million kilowatt-hours of electricity, enough energy to power more than 725 homes for one year. This is equivalent to diverting 1,300 tonnes of CO₂ emissions from the air or taking more than 250 cars off the road.

“Guelph Hydro excels in promoting energy conservation to customers, ranking fifth in the province in achieving energy savings against targets set by the Ontario Energy Board for all electricity distribution utilities in Ontario.”

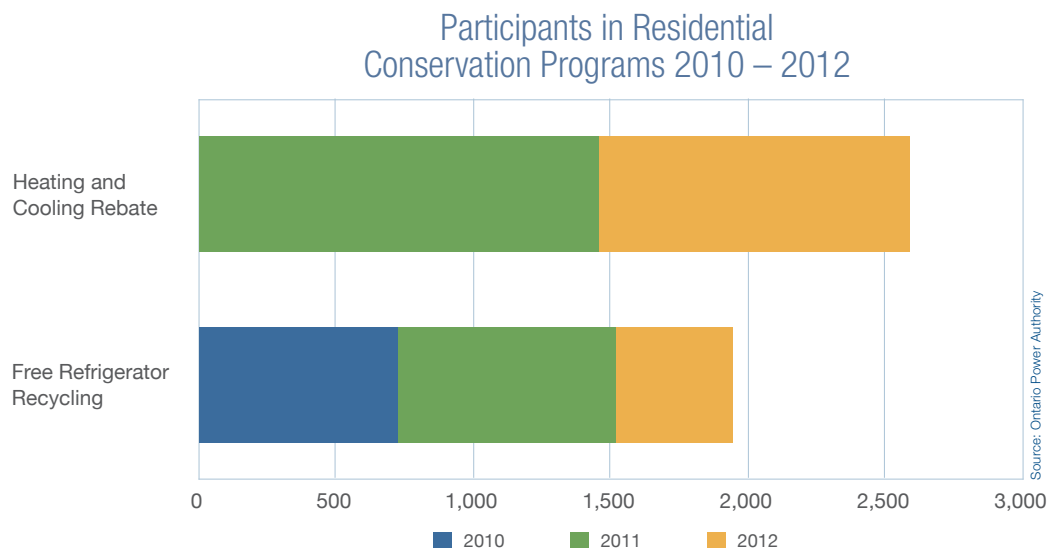
MATT WENINGER, DIRECTOR, METERING AND CONSERVATION, GUELPH HYDRO ELECTRIC SYSTEMS INC.



Residential Energy Conservation Programs

To engage residential customers, Guelph Hydro representatives set up displays in malls and big box retail stores to hand out coupons and promote saveONenergy^{OM} conservation programs offered by Guelph Hydro Electric Systems Inc. and funded by the Ontario Power Authority.

Details about these programs may be found at: www.guelphhydro.com



In 2012, Guelph Hydro Electric Systems Inc. removed and recycled 428 old, inefficient refrigerators as part of the saveONenergy^{OM} FRIDGE AND FREEZER PICKUP program.

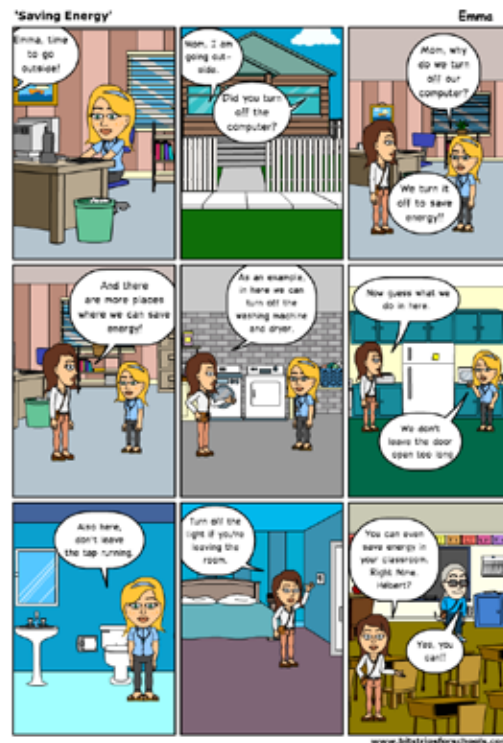
Energy Conservation-Themed Comics Created by Children

The Guelph Hydro Energy Conservation Comic Challenge encouraged Grade Five students to create comic strips demonstrating how to conserve electricity in their homes and schools.

Using Bitstrips, a web-based educational tool, students created characters, chose a backdrop and used props such as appliances, computer equipment and even a smart meter, to create an energy conservation-themed comic.

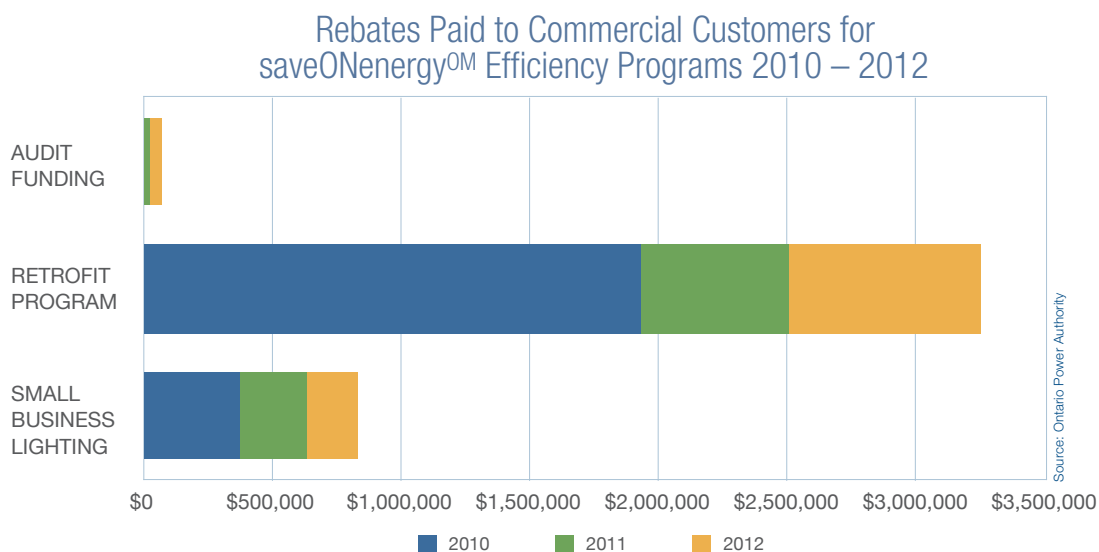
Bitstrips is licensed by the Ontario Ministry of Education for use in all publicly funded schools as well as faculties of education in Ontario universities. The Guelph Hydro-sponsored Bitstrips energy conservation module is available to all users.

View the comic collection at: <http://bit.ly/149w7ly>. For more information, email: sustainability@guelphhydro.com



Commercial Energy Efficiency Programs

Substantial saveONenergy^{OM} incentives are available to businesses that conduct energy audits and/or retrofit their operations with lighting, heating and air conditioning equipment, controls and motors to improve the energy efficiency of their facilities. In addition to receiving rebates, many of these customers experience very short payback periods on the required capital investments due to ongoing reductions in their energy bills.



Over the past three years, more than \$4.1 million has been paid out in rebates to Guelph Hydro Electric Systems Inc. commercial customers for conducting energy audits and installing energy efficient equipment.

In 2012, in addition to hosting information and training sessions for commercial, industrial and institutional customers, Guelph Hydro energy services representatives conducted on-site visits to provide advice on how to access energy conservation rebates.

More than \$985,000 was paid out to commercial customers for energy efficiency audits and retrofits. These efforts also generated a reduction in demand load of 1,610 kilowatts for the community.

Information on energy conservation rebate programs for business is available at:

www.guelphhydro.com

Demand Response Savings

Demand response programs compensate industrial and commercial businesses for reducing their energy demand at specific times by reducing equipment electricity use, generating power or shifting production to an off-peak period. In 2012, six commercial / industrial customers participated in the saveONenergy^{OM} DEMAND RESPONSE program. During periods of high demand, these companies will be able to take action to reduce the demand load on the system by 1,400 kilowatts.

Helping Business Customers Save Money Through Energy Efficiency

LINAMAR CORPORATION

The Linamar group of companies received a saveONenergy^{OM} RETROFIT PROGRAM rebate cheque of \$843,868 for energy-efficient lighting retrofits conducted in 19 of their manufacturing facilities in Guelph.

By replacing old, inefficient lighting, Linamar will reduce their demand load by 1.9 megawatts and annual energy consumption by 10.1 gigawatt hours, which is equivalent to the amount of power used by 1,060 homes in a year.

The payback cost of these lighting projects was less than one year thanks to the rebates as well as the ensuing savings on the company's electricity bill.

CITY OF GUELPH

The City of Guelph received rebate cheques totaling \$47,612 from Guelph Hydro Electric Systems Inc. and Union Gas for performing energy audits in 13 City facilities. The energy audits identified more than 100 electricity, gas and water conservation projects that would save energy and water.

These projects will require an investment of \$3.3 million spread over the next three years but will result in a 5.9 per cent reduction in energy, worth more than \$400,000 a year in avoided costs to the City of Guelph and tax payer, accumulating to \$7 to \$11 million over the next 10 years.

DUROSE MANUFACTURING

Durose Manufacturing, one of Guelph's oldest metal fabricators, received a saveONenergy^{OM} RETROFIT PROGRAM rebate for \$73,000 for making upgrades to lighting and their manufacturing processes.



Free Lighting Upgrades for Small Businesses

In 2012, 161 small businesses upgraded their facilities with energy efficient lighting under the saveONenergy^{OM} SMALL BUSINESS LIGHTING program, receiving a total of \$175,000 in rebates. Going forward, these businesses will save approximately \$63,246 per year in electricity costs.

As an added benefit to the community, six local contractors were employed to install the new lighting, generating approximately 1,288 hours of work for contractors in the area.



“Changing halogen bulbs to LED lights made a huge difference in our electricity costs. In addition, the LED lights don’t emit heat so we don’t have to turn them off in the summer.”

DR. ROBERT MILLER
OPTOMETRIST
EDINBURGH OPTOMETRY CLINIC

Edinburgh Optometry Clinic is a family eye care clinic serving more than 100 people every day, six days a week. The facility has overhead lights, lights in exam rooms, and lights in their spectacle frame displays.

With the help of Guelph Hydro Electric Systems Inc., the clinic had their lighting needs assessed by an expert and then spent just over \$3,500 to retrofit their business with high-efficiency lighting. As a result, they are saving \$140 every month on their electricity bill. Plus, they received a rebate cheque of \$1,842 paid under the saveONenergy^{OM} RETROFIT PROGRAM offered by Guelph Hydro Electric Systems Inc. and funded by the Ontario Power Authority.

Edinburgh Optometry Clinic is also committed to renewable energy and has installed solar panels on the roof of the building to generate clean, renewable power for the Ontario grid.

Water and Waste Management

In an effort to keep our water use to a minimum, our LEED®-certified building features high-efficiency plumbing fixtures including low-flow faucets and toilets. In addition, drought tolerant and native plant species eliminate the need for landscape irrigation.

At Guelph Hydro, pollution prevention is defined as the use of processes, operational practices, materials, products, substances or energy that avoid or minimize the creation of pollutants and waste and reduce the overall risk to the environment or human health.

The company has a variety of programs in place that reduce waste or minimize pollutants:

- Recycling efforts in our operations cover metal, paper, wood, bottles, cans, oil, batteries, toner cartridges and plastics
- 3,399 old, inefficient lights that were replaced with high-efficiency lighting under the saveONenergy^{OM} SMALL BUSINESS LIGHTING program were recycled in an environmentally friendly manner instead of going to landfill
- Environmentally friendly hydraulic oil and transformer oil is used in vehicles and equipment
- Water-based paints have replaced oil-based paints

Wildlife Protection

Animal guards have been installed to prevent wildlife from climbing on hazardous equipment. If an animal's nest or burrow will be disturbed by the activities of the company, the Humane Society is called in to rescue any potentially impacted animals.



Supporting Green Transportation

Transportation accounts for almost a third of Canada's greenhouse gas emissions. A reduction in these emissions from this sector is a key area of focus in Guelph's Community Energy Initiative.

In pursuing a cleaner energy future, Guelph Hydro is setting an example in the field of transportation by installing electric vehicle charging stations in the community and investing in greener fleet vehicles.



Guelph Hydro's fleet currently includes one hybrid passenger vehicle, a hybrid bucket truck and an all-electric service vehicle. Using these vehicles has saved the company more than 3,000 litres of fuel in two years and reduced the company's carbon footprint by more than 11 tonnes of CO₂.

First Electric Vehicle Charging Station for Guelph

Guelph's first charging station for electric vehicles was installed as part of a pilot project in the parking lot at Stone Road Mall thanks to a collaborative effort between Guelph Hydro Electric Systems Inc., Envida Community Energy Inc. and Primaris, the management company for Stone Road Mall.

The Level Two charging station, supplied by Sun Country Highway, has one 240-volt connection and two 120-volt connections. The charging station serves two parking spots and is located in Stone Road Mall's south parking lot between Sears and Old Navy, adjacent to Stone Road.

The charging station is available for use free of charge for the duration of the pilot compliments of Envida Community Energy Inc.

Parking lots equipped with electric vehicle charging stations will help encourage Canadians to adopt electric vehicles, thereby reducing greenhouse gas emissions from gasoline-powered vehicles.



The electric vehicle charging station installed by Guelph Hydro Electric Systems Inc. at Stone Road Mall serves two parking spots and features one 240-volt connection and two 120-volt connections. Attendees at the unveiling ceremony in December, 2012, included representatives from Primaris, the City of Guelph, Sun Country Highway, Electric Mobility Canada, Community CarShare, Waterloo Institute for Sustainable Energy-University of Waterloo, local automobile dealerships, and a number of electric vehicle owners.



Social Responsibility

At Guelph Hydro, we are committed to managing our operations in a way that protects the safety of our employees, our contractors, our customers and the general public, while providing exceptional customer service and contributing to building a sustainable community.

This commitment is underpinned by a strict adherence to all regulatory requirements, policies, procedures and standards. We live our commitment in our offices, in our service vehicles and on work sites in our service territory. We demonstrate it in the decisions and actions taken by our employees in carrying out their work every day.

Stakeholder Engagement

We believe the success of Guelph Hydro is a direct result of the solid, long-term relationships we forge with our many stakeholders.

Around us, the energy industry is changing dramatically. Time-of-Use rates for electricity, renewable energy technologies, increasing electricity prices, a smart grid, on-line communications and social media are transforming the industry at a fast pace.

We are committed to working closely with all our stakeholders to help make sense of the complex changes facing us all as the electricity industry evolves. We strive to be accessible and responsive to stakeholders, communicating in an open, honest and transparent manner using a variety of communication channels.

We work hard to balance the needs and requirements of our stakeholders every day. By keeping them in balance, we are able to meet our commitments to deliver a safe, reliable, affordable supply of electricity and work towards creating a cleaner, sustainable energy future, while growing and making a fair and reasonable return.

Our Stakeholders

- Customers and community members
- Company
 - › *Shareholder – Guelph Municipal Holdings Inc.*
 - › *Boards of Directors*
 - › *Current employees, future employees and retirees*
 - International Brotherhood of Electrical Workers (IBEW)
 - › *Suppliers and contractors*
- Government and government bodies
 - › *Municipal, provincial and federal officials*
 - › *Hydro One*
 - › *Independent Electricity System Operator*
 - › *Infrastructure Health and Safety Association*
 - › *Ontario Energy Board*
 - › *Ontario Power Authority*
 - › *Ontario Power Generation*
- Energy Industry
 - › *Other local electricity distribution companies*
 - › *Gas utilities*
 - › *Industry associations*
 - › *Other transmission and distribution companies in Ontario and across Canada*
- Community
 - › *City of Guelph*
 - Guelph Mayor's Task Force on Energy
 - › *Village of Rockwood*
 - › *Non-government, not-for-profit and community organizations*
- Colleges and Universities
- Investment Community
- Media

Investing in Our Employees

Turning strategy into reality takes talent, dedication and energy so we work hard to attract and retain the best people in the industry. We provide them with challenging and meaningful work and help them develop their knowledge, skills and expertise to take on the challenges of the future.

In 2012, we invested in our employees by providing a wide variety of skills training including courses ranging from safety and computer skills to regulatory affairs, supervisory management, leadership and media relations. In total, employees received an average of five days of training in 2012.

In addition, the company provides funding for employees pursuing college or university level courses in work-related programs on their own time. In 2012, four employees benefitted from our educational reimbursement program.

Challenges of an Aging Workforce

Like many organizations in the energy sector, we face the challenge of an aging workforce coupled with the prospect of a shortage of skilled trades and workers trained in the areas of renewable energy and smart grid technology.

Approximately 40 per cent of our workforce is eligible to retire within the next ten years. Many of these employees have acquired in-depth, specialized knowledge about our distribution system or processes that needs to be passed on to the next generation.

Recognizing that it takes almost five years to develop the skills necessary to perform work on our distribution system, Guelph Hydro Electric Systems Inc. has taken on apprentices and supports the Powerline Technician program at Conestoga College with two bursaries. Two Engineers-in-Training have also been added to the workforce.

“We are particularly proud that our staff provide training and instruction on an as-needed basis at both the The MEARIE Group Trades and Technical Training program and the Conestoga College Powerline Technician co-op program.”

ERIK VENEMAN
DIRECTOR OF OPERATIONS
GUELPH HYDRO ELECTRIC
SYSTEMS INC.



Enhancing Customer Service

At Guelph Hydro, we value our customers and take pride in providing quick, responsive and consistent customer service. In 2012, our in-house call centre received more than 43,000 calls, responding to 80 per cent of them within 30 seconds. Our Customer Service Department also responded promptly to almost 5,000 written requests for information.

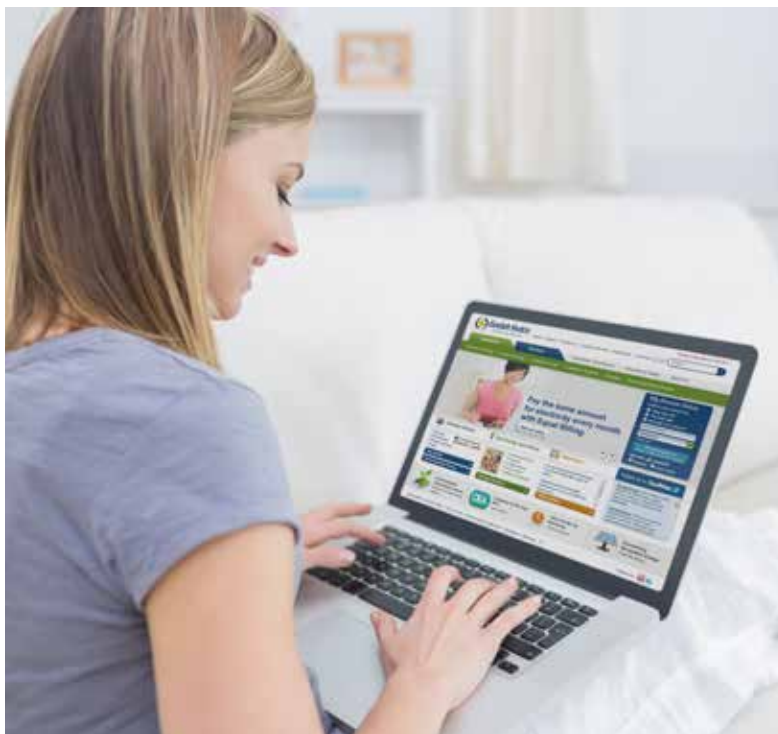
24/7 On-Line and Mobile Access to Information

Recognizing that today's customers want to be able to look up information or access their accounts anytime, anywhere, Guelph Hydro launched new content-rich websites in 2012, providing easy-to-use self-serve options, a mobile site and a Twitter stream.

Improvements were also made to the company's phone system. Customers are now able to access their account information on-line or by telephone 24-hours-a-day.

“80 per cent of the 43,000 general inquiry phone calls received in 2012 by our Customer Service Department were answered within 30 seconds.”

CRISTINA BIRCEANU
DIRECTOR, REGULATORY AFFAIRS /
ACTING MANAGER, CUSTOMER SERVICE
GUELPH HYDRO ELECTRIC
SYSTEMS INC.



Community Outreach

In 2012, our Community Outreach Team and other members of our staff interacted with customers in retail stores, community centres, seniors' centres, Chamber of Commerce meetings, public information sessions, workshops, and at community festivals.

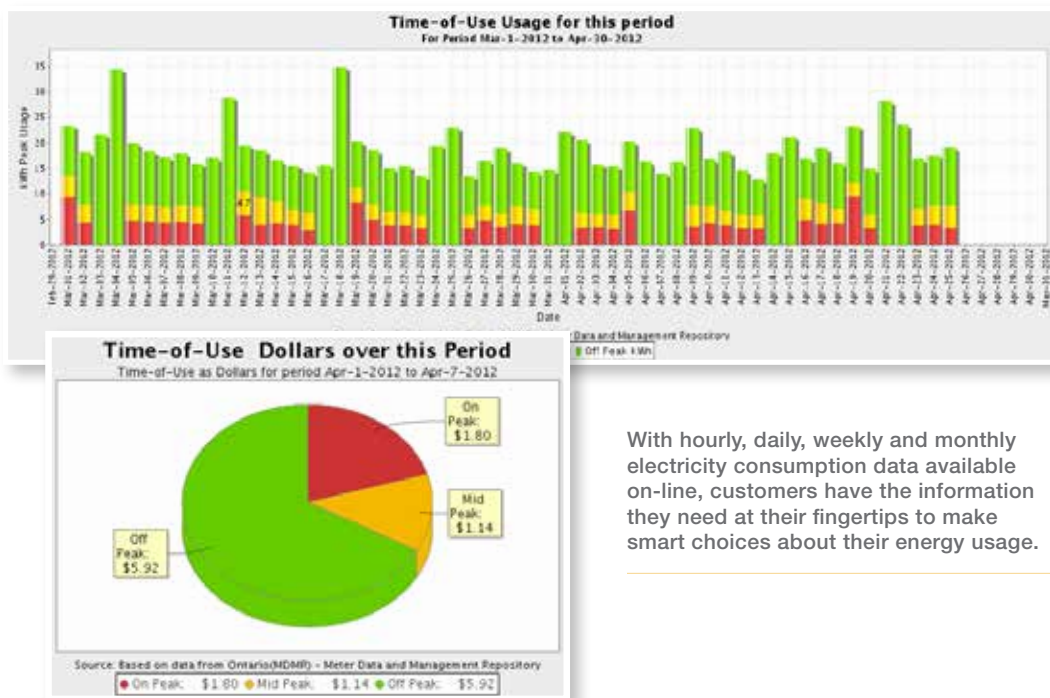
Assisting Customers in Need

To assist those customers who may be struggling to pay their electricity bill, Guelph Hydro Electric Systems Inc. offers the Low-Income Energy Assistance Program developed by the Ontario Energy Board. This program, administered through the County of Wellington, helps families and individuals living below the poverty line with their energy bills.

Empowering Customers to Better Manage Energy Use

With smart meters fully deployed and customers on Time-of-Use billing, Guelph Hydro Electric Systems Inc. is taking advantage of new technologies to help customers understand, actively manage and reduce their energy use.

Residential and small business customers can now easily view their hourly, daily, weekly or monthly electricity consumption data online. With detailed information at their fingertips, customers are empowered to make better choices about how and when they use energy to save money and improve the environment.



With hourly, daily, weekly and monthly electricity consumption data available on-line, customers have the information they need at their fingertips to make smart choices about their energy usage.



Preparing for the Smart Home

Just as the Internet led to smartphones that have changed the way we live, work and play in surprising and unexpected ways, the computerized intelligence of a smart grid combined with a smart meter on every home are the forerunners that will lead to new, yet to be imagined, tools and services that will help us all better manage our energy usage.

On the horizon are lighting, heating, cooling, and renewable power sources that will be controlled by a home energy management system or remotely using a mobile device. Smart appliances will be able to monitor electricity prices and adjust their run schedules to reduce electricity demand on the grid to lower energy bills. Thermostats or lights will not only sense when rooms are empty and adjust themselves accordingly, they will also use smartphone GPS tracking to predict when householders are on their way home in order to modify the level of heating, cooling or light to ensure comfort while saving money.

Working with advanced technology manufacturers, third-party application developers and the Ontario Ministry of Energy, Guelph Hydro Electric Systems Inc. will be rolling out exciting new devices and services for the smart home in 2013.

“Smart meters and the smart grid are the forerunners for new, yet to be imagined, tools and services that will help us all better manage our energy usage.”

SANDY MANNERS
DIRECTOR OF CORPORATE
COMMUNICATIONS
GUELPH HYDRO INC.

SMART HOME OF THE FUTURE

Benefits of Tomorrow's Smart Home

- Using data from your smart meter **1**, see exactly how much electricity your household is consuming on a real-time basis using easy-to-understand graphic displays **2** and mobile devices **3**.
- Receive alerts on your mobile device **3** advising you that a pre-set threshold for energy use or cost is approaching.
- Program heating and cooling thermostats **4** from anywhere in the world.
- Use a Home Energy Management System (HEMS) **5** and GPS-enabled mobile devices **3** to automatically trigger events such as turning off lights **6** when the house is empty or turning on air-conditioning **10** when householders come within a set proximity of the home.
- Program smart appliances **7** to monitor energy prices and adjust their run schedules to reduce energy consumption during peak pricing periods for electricity.
- Use energy generated from rooftop solar panels **8** to power your home, charge an electric vehicle **9** or sell to the Ontario grid.
- Integrate your Home Energy Management System **5** with connected devices such as security cameras, fire alarms, remote health monitoring devices and sensors.

Ensuring Safety, Health and Wellness

Safety is Our Number One Priority

When it comes to the safety of our employees, our contractors and the general public, our goal is simple: zero injuries.

To achieve this goal, we have embedded safety into our operational practices and culture using an effective safety management system where:

- Stringent adherence to all safety rules, regulations and work practices is considered essential
- Peer-to-peer accountability for safety is expected
- Extensive training is provided
- Safety inspections are performed frequently
- Near misses are appropriately reported and investigated
- Safety milestones are celebrated

As a result of this program and the efforts of each and every one of our employees to work safely every day, we are very pleased to report that no lost-time incidents took place in 2012. As of December 31, 2012, employees had achieved 241,476 hours of work without a lost time incident.

In recognition of Guelph Hydro Electric Systems Inc.'s exemplary performance in safety, employees received a fourth ZeroQuest® Gold (Outcomes) award from the Infrastructure Health & Safety Association (IHSA). This positions Guelph Hydro Electric Systems Inc. as one of only five IHSA members that are now in a position to pursue the final level of Platinum in this safety award program.

Protecting the Safety of First Responders

Rooftop solar panels and electric vehicles present new hazards for emergency personnel responding to fires or vehicle accidents. In 2012, Guelph Hydro took the initiative to provide special training to emergency responders in the community to help keep them safe when responding to emergencies.



Raising Awareness about Public Safety

Guelph Hydro focuses efforts on increasing awareness about the safe use of electricity by broadcasting safety messages on local radio stations, reminding customers to call “Call Before You Dig” to have underground power lines marked prior to any digging project, and attending safety events at local schools.



2012 Safety Training

- Chainsaw Safety
- Ladder Safety
- Station Access
- Utility Work Protection Code Training
- Occupational Health and Safety Risk Management
- Confined Space Entry and Evacuation Procedures
- Bucket Evacuation
- Pole Top Rescue and Fall Arrest
- First Aid / Cardiopulmonary Resuscitation / Automated External Defibrillator (AED) Recertification

Employee Health and Wellness

Protecting the health and wellness of our people and helping them achieve a healthy work-life balance is vital to the long-term success of our organization.

Guelph Hydro's Health and Wellness program provides annual flu vaccinations, reimbursement for fitness memberships up to \$200 and an on-site fitness centre with programs which provide twice-a-week fitness classes led by a YMCA/YWCA coach.

Our Employee Assistance Program (EAP) provides free, confidential counselling for staff and their families on work or personal issues. For the period October 1, 2011 to September 30, 2012, it was accessed 54 times.

Giving Back to the Community

Employee Giving Results in Record-Setting United Way Campaign

At Guelph Hydro, we take great pride in the time and effort our employees contribute to help make our communities better places to live, work and play. In 2012, employees raised money for a number of worthy causes including Prostate Cancer Canada and the Canadian Cancer Society, as well as providing \$5,850 worth of Christmas gifts for 30 children and their families through The Children's Foundation of Guelph and Wellington.



United Way
Guelph Wellington
Dufferin

Guelph Hydro employees have always been generous supporters of United Way efforts to improve lives and build stronger communities, but results of the 2012 United Way campaign were truly exceptional. Our workforce of only 120 people raised \$29,000 for this important cause; an amount that will be matched by a company donation. Seventy per cent of employees support the United Way through payroll deductions.

Corporate Donations

Guelph Hydro is committed to enhancing the quality of life in the communities we serve by supporting programs that align with the company's core values and business goals.

In 2012, Guelph Hydro proudly supported community organizations and events including Hospice Wellington, the John Howard Society of Waterloo-Wellington, St. Joseph's Health Care Foundation's "Festival of Trees" and the Rotary Club's "Rotary Forest" and "Sparkles in the Park."

Scholarships

The Guelph Hydro Electric Systems Inc. Rick Lane/Corrie Bridgman Memorial Academic Grant provides two \$1,000 bursaries annually for full-time students in Year Two of the Powerline Technician program at Conestoga College, one of Canada's premier polytechnic institutes with campuses in Guelph, Kitchener and Waterloo. To be eligible for the bursaries, students must achieve a minimum average of 70 per cent in Year One of the Powerline Technician program and demonstrate financial need.



CONESTOGA
Connect Life and Learning





Employees supported Habitat for Humanity by helping to build a home for a low-income family in the community.



In the fall of 2012, Guelph Hydro Electric Systems Inc. sent 10 Operations staff, vehicles and equipment to Long Island, New York, to help with the power restoration efforts after the devastation left behind by Hurricane Sandy.

Corporate Governance

Guelph Hydro Inc. is a holding company, 100 per cent owned by Guelph Municipal Holdings Inc. which, in turn, is 100 per cent owned by the City of Guelph. Guelph Hydro Inc. owns 100 per cent of the shares of two operating subsidiaries, Guelph Hydro Electric Systems Inc. and Envida Community Energy Inc.

Each of the three companies has a separate Board* with members fully independent of management. In addition, the Board of Guelph Hydro Electric Systems Inc. has four members who are independent of the Guelph Hydro Inc. Board as required by the Ontario Energy Board's Affiliate Relationships Code.

Although Guelph Hydro Inc. is not publicly traded, the Board and Management Team strive to meet or exceed reporting mandates and comply with requirements of the Canadian Securities Act, and the requirements of the Ontario Energy Board's Affiliate Relationships Code.

Board Responsibilities

In accordance with company policy, the Boards of Guelph Hydro Inc. and its subsidiaries oversee management's day-to-day operation of the businesses and have the following responsibilities as integral to their obligations:

- Determine, with management, the Corporation's business strategy, direction, objectives and policies including those relating to the Community Energy Initiative of the City of Guelph
- Ensure competent executive and senior management teams are in place and that their compensation is competitive
- Ensure succession planning processes are in place in the organization and at the Board level
- Evaluate and refine the Corporation's approach to corporate governance
- Satisfy themselves that policies are in place to ensure the availability of adequate financial resources
- Approve annual budgets
- Account to stakeholders for the organization's performance
- Participate in setting goals for, and monitoring and evaluating the performance of management against, objectives and Board expectations
- Ensure the establishment of risk management policies and ensure compliance in particular as regards the Shareholder Declaration and the Affiliate Relationships Code
- Prepare for, attend, and actively participate in all scheduled Board meetings
- Have an understanding of all aspects of the business and the regulatory context
- Ensure they have the appropriate information to make knowledgeable decisions on all matters coming before the Board
- Support and participate on Board Committees
- Ensure that the Corporation is meeting the needs of the Province and the shareholder

* Reference to "the Board" in this disclosure may include the plural, i.e., subsidiary Boards, as the context requires.



Board Members

As of December 31, 2012



(back row, left to right) Barbara Leslie, Jane Armstrong, Bob Huggard, Brian Cowan – Vice Chair, Jan Carr, Bill Koornstra and Judy Fountain. (front row, left to right) Margaret Kelch, Jasmine Urisk – Chair, Rick Thompson. (inset) Rob Fennell

Guelph Hydro Inc.			
Independent Board Members	Finance & Audit	Human Resources & Compensation	Governance
Jane Armstrong		■	■ Chair
Jan Carr	■		
Brian Cowan Vice Chair	■		■
Judy Fountain	■ Chair		
Bill Koornstra	■ Vice Chair		
Rick Thompson		■ Chair	■
Jasmine Urisk Chair			

Guelph Hydro Electric Systems Inc.

Independent Board Members	Finance & Audit	Human Resources & Compensation	Governance
Jane Armstrong		■	■ Chair
Brian Cowan Vice Chair	■		■
Rob Fennell		■ Vice Chair	
Judy Fountain	■ Chair		
Bob Huggard	■		
Margaret Kelch		■	
Barbara Leslie			■ Vice Chair
Rick Thompson		■ Chair	■
Jasmine Urisk Chair			

Envida Community Energy Inc.

Independent Board Members	Finance & Audit	Human Resources & Compensation	Governance
Jane Armstrong		■	■ Chair
Jan Carr	■		
Brian Cowan Vice Chair	■		■
Judy Fountain	■ Chair		
Bill Koornstra	■ Vice Chair		
Rick Thompson		■ Chair	
Jasmine Urisk Chair			

Note: Biographies of Board members are available at: www.guelphhydroinc.com, www.guelphhydro.com, www.envida.ca



Board Composition and Skill Requirements

The Board promotes and champions diversity in its composition, recruiting directors with a broad mix of business and professional backgrounds, gender and ethnicity.

Although local representation from the Guelph franchise area is an important consideration for membership, it is not a prerequisite in order to ensure that all requisite skill sets are included.

The Board maintains a matrix of skill sets and the Governance Committee annually reviews the composition of the Board against the available inventory of skills in order to ascertain if further recruitment will be required. Among the skills considered essential to discharge the Board's oversight responsibilities are the following:

- Business Development, Mergers and Acquisitions
- Communication, Marketing and Public Relations
- Community Awareness
- Electrical Utility Knowledge / Engineering and Operations
- Environmental
- Financial / Accounting / Investment
- Governance, Strategic Planning and Management
- Human Resources / Diversity
- Information Systems
- Legal, Regulatory and/or Government Relations

Integrity and Ethics

The Board and the Management Team of Guelph Hydro Inc. and its subsidiaries, Guelph Hydro Electric Systems Inc. and Envida Community Energy Inc. are all committed to the highest standards of corporate governance and business ethics.

Annually Board and staff members confirm their adherence to the company's policy on Ethics and Values which includes being respectful; conducting business in an ethical manner by acting with honesty, integrity and impartiality; complying with all legislation; and committing to safeguard company information and assets.

The Board has an approved Whistleblower Policy which directly supports the Ethics and Values Policy. The Whistleblower Policy provides a confidential process by which directors, officers and employees can report suspected violations of the Company Ethics and Values Policy and/or financial reporting, accounting, internal accounting controls, human resources, safety or environmental policies.

As well, the Board, through its Governance Committee, annually conducts an evaluation exercise led by autonomous experts. Once completed, the Board and committees prepare follow up and action plans and schedule time at meetings throughout the remainder of the year to address issues and areas for improvement. In this way the Board achieves continuous improvement in its relationships, processes and operations.

Board Committees and Terms of Reference

Finance and Audit Committee

Among other things, the responsibilities of the Finance and Audit Committee include assisting the Board in oversight of the Corporation's financial well-being including:

- Internal controls, financial statements and reporting, and external audit
- Ensuring compliance with legal, regulatory, and environmental obligations, and dividends
- Reviewing the Corporation's systems relating to disclosure and internal controls, risk management, ethics, and compliance with the strategic plan, business plan and budgets
- Evaluating investment opportunities

Human Resources and Compensation Committee

Responsibilities of the Human Resources and Compensation Committee include assisting the Board with its oversight responsibilities relating to:

- Attraction, compensation, evaluation and retention of employees
- Establishment of management performance objectives
- Evaluation of management performance and review of management compensation
- Succession planning
- Organizational structure
- Approval of employee benefit plans and incentive compensation

Governance Committee

Responsibilities of the Governance Committee include assisting the Board in fulfilling its obligations by:

- Assisting in overseeing the Corporation's corporate governance principles and practices
- Assisting in the strategic and business planning processes
- Overseeing the evaluation of the Boards and committees including monitoring the annual improvement plan resulting from the evaluations
- Board and Board member development opportunities
- Ensuring compliance with legal, regulatory, and environmental obligations
- Board compensation
- Recruitment, selection, and recommendations for Board and committee membership



Code of Conduct and Conflict of Interest

Corporate Governance policies and practices are in place, including protocols for Code of Conduct and Conflict of Interest. The policy in regard to conflict of interest states the following:

Directors and Officers are required to make reasonable efforts to avoid real, perceived or potential conflicts of interest, and are required to disclose any such conflicts or possible conflicts to the Board Chair. Such disclosure can be made on a general basis or on a case-by-case specific basis as soon as the Director or Officer becomes aware of the real, perceived or potential conflict.

The practices following disclosure are defined in the Board's Duties and Obligations Policy. That same policy includes a comprehensive description of how the Board will conduct itself.

In addition Guelph Hydro Inc. has in place processes and controls for Risk, Audit, Business Continuity, Succession Planning and Chief Executive Officer Evaluation. The Board and its committees each have specified terms of reference and annual work plans in their respective areas of responsibility.

Processes are also in place for nomination and selection to the Board and its committees as well as job descriptions for each Chair.



Management Team

As at December 31, 2012



BARRY CHUDDY*
Chief Executive Officer
Guelph Hydro Inc.



KAZI MAROUF**
Chief Operating Officer
Guelph Hydro Electric
Systems Inc.



PANKAJ SARDANA*
Chief Financial Officer
Guelph Hydro Inc.



**SEYMOUR
TRACHIMOVSKY***
Corporate Secretary
Guelph Hydro Inc.



RON COLLINS***
Vice-President,
Business Development
and Partnerships
Guelph Hydro Inc.



NICOLE MAILLOUX**
Vice-President,
Human Resources
Guelph Hydro Electric
Systems Inc.



DAN AMYOT
Director,
Information Systems
Guelph Hydro Electric
Systems Inc.



CRISTINA BIRCEANU
Director,
Regulatory Affairs
Guelph Hydro Electric
Systems Inc.



SANDY MANNERS
Director, Corporate
Communications
Guelph Hydro Inc.



ERIK VENEMAN
Director, Operations
Guelph Hydro Electric
Systems Inc.



MATT WENINGER
Director, Metering
and Conservation
Guelph Hydro Electric
Systems Inc.



**MICHAEL
WITTEMUND**
Director, Engineering
Guelph Hydro Electric
Systems Inc.

Note: Biographies of Management Team members are available at:
www.guelphhydroinc.com, www.guelphhydro.com and www.envida.ca.

* Corporate Officer of Guelph Hydro Inc., Guelph Hydro Electric Systems Inc. and Envida Community Energy Inc.

** Corporate Officer of Guelph Hydro Inc. and Guelph Hydro Electric Systems Inc.

*** Corporate Officer of Guelph Hydro Inc. and Envida Community Energy Inc.



About This Report

Sustainability reporting is the practice of measuring, disclosing and being accountable to internal and external stakeholders for organizational performance while working towards the goal of sustainable development.

Guelph Hydro's goals in publishing this report are to provide key stakeholders (see list on page 40) with information about the following:

- Actions taken in 2012 to ensure a safe, reliable supply of electricity, promote energy conservation and integrate sustainable business practices into our company operations
- Plans to develop sustainable energy projects in support of Guelph's Community Energy Initiative and the potential these projects may have on the economic development of the community
- Company performance on key environmental, social and economic elements using the Global Reporting Initiative™ (GRI), an internationally recognized standardized framework and indicators for sustainability reporting.

Global Reporting Initiative (GRI)

The Global Reporting Initiative (GRI) produces the world's most comprehensive sustainability reporting framework. This framework has three objectives: comparability of data, transparency of information and accountability to stakeholders. It is designed to encourage sustainability reporting by all organizations.

The standardized GRI reporting framework sets out the principles and performance indicators organizations can use to measure and report their economic, environmental, and social performance.

Guelph Hydro Inc. follows the Global Reporting Initiative (GRI) reporting principles in terms of data quality, report scope and content and organizational boundaries.

The Guelph Hydro Inc. 2012 Sustainability Report was developed based on GRI 3.1 Guidelines and the GRI Electric Utility Sector Supplement. The report has been verified by GRI as being prepared according to the GRI Guidelines at Application Level C.



GRI Content Index

The GRI Content Index provides an overview of all the disclosures in the GRI Report. The Index functions as a communication tool by detailing what has been reported or why certain data has not been reported. At the same time, the Index is a navigational mechanism for report users—directing them to the GRI data of interest.

The GRI 3.1 Content Index for Application Level C along with the Electric Utilities Sector Supplement Content Index are included on pages 58-63 and are posted on company websites at: **www.guelphhydroinc.com**, **www.guelphhydro.com** and **www.envida.ca**.

More information about GRI and application levels is available at **www.globalreporting.org**.

We welcome your feedback on our Sustainability Report. Comments may be addressed to: **sustainability@guelphhydro.com**.

Report Scope

The range of sustainability topics reported are those that may reasonably be considered important for reflecting Guelph Hydro's economic, environmental and social impacts or influencing the decisions of stakeholders.

Reporting Principles Applied to Ensure Report Quality

- Balance
- Accuracy
- Reliability
- Comparability
- Timeliness
- Clarity

Reporting Principles for Defining Report Content

In order to ensure a balanced and reasonable presentation of Guelph Hydro's performance, a determination was made regarding what content the report should cover taking into consideration the organization's purpose and experience, and the reasonable expectations and interests of stakeholders.

The following four principles were applied in determining content:

- **MATERIALITY** – Included are topics and indicators that reflect Guelph Hydro's significant economic, environmental and social impacts or would substantively influence the assessments and decisions of stakeholders.
- **STAKEHOLDER INCLUSIVENESS** – Included are topics and indicators that respond to the reasonable expectations and areas of material interest of key stakeholders (see page 40) as determined through verbal and written communication, legislation, regulation and surveys.
- **SUSTAINABILITY CONTEXT** – Guelph Hydro's performance is presented within a broader sustainable development context.
- **COMPLETENESS** – Coverage of material topics and indicators is sufficient enough to reflect significant economic, environmental and social impacts and enable stakeholders to assess the organization's performance.

Report Boundaries

The reporting boundaries for this report encompass the operations of:

- Guelph Hydro Inc., a non-regulated holding company
- Guelph Hydro Electric Systems Inc., the regulated electricity distribution utility serving the City of Guelph and the Village of Rockwood
- Envida Community Energy Inc., a non-regulated alternative and renewable energy company formerly named Ecotricity Guelph Inc.

All companies are headquartered in Guelph, Ontario, Canada.

G3.1 Content Index

GRI Application Level C



Standard Disclosures Part I: Profile Disclosures

1. Strategy and Analysis

Profile Disclosure	Description	Reported	Cross-Reference/Direct Answer
1.1	Statement from the most senior decision-maker of the organization.	Fully	2012 Sustainability Report - Message to Our Stakeholders - p.3

2. Organizational Profile

2.1	Name of the organization.	Fully	2012 Sustainability Report - Cover and Corporate Profile - inside cover
2.2	Primary brands, products, and/or services.	Fully	2012 Sustainability Report - Corporate Profile - inside cover
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	2012 Sustainability Report - Corporate Profile - inside cover
2.4	Location of organization's headquarters.	Fully	2012 Sustainability Report - Corporate Profile - inside cover
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	2012 Sustainability Report - Corporate Profile - inside cover
2.6	Nature of ownership and legal form.	Fully	2012 Sustainability Report - Corporate Profile - inside cover
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	2012 Sustainability Report - Corporate Profile - inside cover
2.8	Scale of the reporting organization.	Fully	2012 Sustainability Report - Corporate Profile - inside cover, Message to Our Stakeholders - p.3 and Fast Facts - p.8
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	No significant changes
2.10	Awards received in the reporting period.	Fully	2012 Sustainability Report - 2012 Achievements - p.2
EU1	Installed capacity, broken down by primary energy source and by regulatory regime.	Fully	Emergency back-up generator – natural gas – 500 kW Eastview Landfill Gas Facility – landfill gas – 5 months @ 2,775 MWe, 7 months @: 1.850 MWe Regulatory regime – Independent Electricity System Operator Rooftop solar facility – solar energy – 0.1 MWe Regulatory regime – Not regulated
EU2	Net energy output broken down by primary energy source and by regulatory regime.	Fully	Emergency back-up generator = 8,127 kWh Eastview Landfill Gas Facility = 12,051,400 kWh Rooftop solar facility – Solar energy – 132, 465 kWh
EU3	Number of residential, industrial, institutional and commercial customer accounts.	Fully	2012 Sustainability Report - 2012 Fast Facts - p.8
EU4	Length of above and underground transmission and distribution lines by regulatory regime.	Fully	2012 Sustainability Report - 2012 Fast Facts - p.8
EU5	Allocation of CO ₂ e emissions allowances or equivalent, broken down by carbon trading framework.	Not	Canada has not adopted a regulatory framework on the reduction of CO ₂ emissions in connection with the Kyoto Protocol and there is no emissions trading scheme in Canada. Therefore, Guelph Hydro Inc. does not report on CO ₂ allowances.

3. Report Parameters

3.1	Reporting period for information provided.	Fully	Calendar year / fiscal year 2012
3.2	Date of most recent previous report.	Fully	2011
3.3	Reporting cycle.	Fully	Annual
3.4	Contact point for questions regarding the report or its contents.	Fully	Sandy Manners, Director of Corporate Communications, Guelph Hydro Inc. Tel: 519.837.4703 Email: smanners@guelphhydro.com
3.5	Process for defining report content.	Fully	2012 Sustainability Report - About This Report - p.56
3.6	Boundary of the report.	Fully	2012 Sustainability Report - About This Report - p.56
3.7	Specific limitations on the scope or boundary of the report.	Fully	2012 Sustainability Report - About This Report - p.56
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	2012 Sustainability Report - Our Approach to Sustainability - p.14
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	No re-statements
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	No significant changes
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	2012 Sustainability Report - G3.1 Content Index - p.58

4. Governance, Commitments, and Engagement

4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	2012 Sustainability Report - Corporate Governance - p.49
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	2012 Sustainability Report - Corporate Governance - p.49
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Fully	2012 Sustainability Report - Corporate Governance - p.49
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	2012 Sustainability Report - Corporate Governance - p.49
4.14	List of stakeholder groups engaged by the organization.	Fully	2012 Sustainability Report - Social Responsibility - p.40
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	2012 Sustainability Report - Social Responsibility - p.40

Standard Disclosures Part III: Performance Indicators

Economic

Performance Indicator	Description	Reported	Cross-Reference/Direct Answer
ECONOMIC PERFORMANCE			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	2012 Sustainability Report - Economic Value - p.16
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Partially	<p>Opportunities are reflected in the activities of Guelph Hydro's non-regulated business activities associated with the company's support of the City of Guelph Community Energy Initiative detailed throughout the 2012 Sustainability Report.</p> <p>Risks due to physical changes associated with climate change (e.g., impacts of modified weather patterns) are considered to be minimal. Although infrastructure may be affected by extreme weather events, Guelph Hydro believes that such occurrences will not materially affect its operating or financial performance. In the unlikely circumstance that the company is materially affected (i.e. by a major ice storm, wind storm, tornado, etc.), costs associated with the damage caused may be recovered through rates upon approval by the Ontario Energy Board.</p>
EC3	Coverage of the organization's defined benefit plan obligations.	Fully	Guelph Hydro provides a pension plan for its employees through the Ontario Municipal Employees Retirement System (OMERS). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employee Retirement Fund (the "Fund") and provides pensions for employees of Ontario municipalities, local boards, public utilities, and school boards. The Fund is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund. Guelph Hydro uses defined contribution plan accounting as it is only liable for contributions to the Plan.
EC4	Significant financial assistance received from government.	Not	Not material
MARKET PRESENCE			
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Fully	Not relevant. Guelph Hydro's entry level wages are above provincial minimum wages.
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Fully	No formal policy regarding buying from locally-based suppliers.
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Fully	No formal policy or common practice of granting hiring preference to local residents.
INDIRECT ECONOMIC IMPACTS			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	2012 Sustainability Report - Economic Value - p.16
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Not	
AVAILABILITY AND RELIABILITY			
EU6	Management approach to ensure short and long-term electricity availability and reliability	Not	
EU10	Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime.	Not	
DEMAND-SIDE MANAGEMENT			
EU7	Demand-side management programs including residential, commercial, institutional and industrial programs.	Fully	2012 Sustainability Report - Environmental Stewardship - p.25

SYSTEM EFFICIENCY

EU11	Average generation efficiency of thermal plants by energy source and regulatory regime.	Not	Not applicable
EU12	Transmission and distribution losses as a percentage of total energy.	Not	

RESEARCH AND DEVELOPMENT

EU8	Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development.	Not	Smart grid research and development costs included in operational expenditures.
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PLANT DECOMMISSIONING

EU9	Provisions for decommissioning of nuclear power sites.	Not	No nuclear power sites.
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Environmental

MATERIALS

EN1	Materials used by weight or volume.	Not	Not tracked
EN2	Percentage of materials used that are recycled input materials.	Not	Not tracked

ENERGY

EN3	Direct energy consumption by primary energy source.	Fully	Total direct energy consumption = 4,593,537 megajoules Natural Gas = 8,100 cubic metres = 311,283 megajoules Diesel – 73,160 litres = 2,802,028 megajoules Gasoline – 42,007 litres = 1,470,245 megajoules
EN4	Indirect energy consumption by primary source.	Fully	9,101,967 kilowatt-hours of electricity consumed supplied by the Ontario Independent Electricity System Operator. Supply mix details are posted at: www.ieso.ca/imoweb/media/md_supply.asp
EN5	Energy saved due to conservation and efficiency improvements.	Fully	2012 Sustainability Report - Environmental Stewardship - p.25
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Fully	2012 Sustainability Report - A Message to Our Stakeholders - p.3 2012 Sustainability Report - Environmental Stewardship - p.25
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Fully	2012 Sustainability Report - Environmental Stewardship - p.25

WATER

EN8	Total water withdrawal by source.	Fully	All of Guelph Hydro's water comes from municipal sources. Total water consumption in 2012 = 1,774 cubic metres
EN9	Water sources significantly affected by withdrawal of water.	Not	Not applicable
EN10	Percentage and total volume of water recycled and reused.	Fully	No water is recycled or reused

BIODIVERSITY

EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Fully	13.8 acre head office property is located adjacent to wetland owned by the Grand River Conservation Authority.
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Fully	Guelph Hydro's potential impacts on biodiversity in its service territory are minor. Examples include: harm to wildlife that comes into contact with electrified infrastructure, emissions from fleet and facilities, construction of new infrastructure, in-service PCB/SF6 (sulfur hexafluoride) and other chemicals used in processes.
EU13	Biodiversity of offset habitats compared to the biodiversity of the affected areas	Not	Not tracked
EN13	Habitats protected or restored.	Fully	None
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Fully	2012 Sustainability Report - Environmental Stewardship - p.25
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Fully	Not applicable

EMISSIONS, EFFLUENTS AND WASTE

EN16	Total direct and indirect greenhouse gas emissions by weight.	Not	Not tracked
EN17	Other relevant indirect greenhouse gas emissions by weight.	Not	Not tracked
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	2012 Sustainability Report - Environmental Stewardship - p.25
EN19	Emissions of ozone-depleting substances by weight.	Not	Not tracked
EN20	NO _x , SO _x , and other significant air emissions by type and weight.	Not	Not tracked
EN21	Total water discharge by quality and destination.	Not	Not tracked
EN22	Total weight of waste by type and disposal method.	Not	Not tracked
EN23	Total number and volume of significant spills.	Fully	One spill of 65 litres of a non-controlled, non-hazardous product. All applicable parties were notified and the cause was corrected.
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Not	Not tracked
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Not	All water is discharged into the municipal sewage system.

PRODUCTS AND SERVICES				
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Not	Not tracked	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not	Not applicable	
COMPLIANCE				
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	None	
TRANSPORT				
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Not	Not tracked	
OVERALL				
EN30	Total environmental protection expenditures and investments by type.	Not	Not tracked	

Social: Labour Practices and Decent Work

EMPLOYMENT				
EU14	Programs and processes to ensure the availability of a skilled workforce.	Fully	The company hires apprentices into industry specific trades, such a power line workers, meterpersons and system control operators, to ensure workforce sustainability. The company also hires Engineers in Training to ensure a supply of qualified engineers.	
EU15	Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region.	Partially	5 Years – Guelph Hydro Electric Systems Inc. = 19% 10 Years – Guelph Hydro Inc. = 20%; Guelph Hydro Electric Systems Inc. = 43%	
EU16	Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors.	Fully	Guelph Hydro adheres to the Ontario Occupational Health and Safety Act. All employees are required to abide by the company's 27 Health, Safety and Loss Control policies and 22 Operations Safe Work Practices. Contractors are governed by two policies: FAC-1 , Employee, Contractor and Visitor Access and HSL-23, Contractor Management.	
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Partially	<div><div></div> Guelph Hydro Inc. Management = 10</div> <div><div></div> Guelph Hydro Electric Systems Inc. Management = 34</div> <div><div></div> Guelph Hydro Electric Systems Inc. Unionized = 71</div> <div><div></div> Guelph Hydro Electric Systems Inc. Contract = 4</div> <div><div></div> Guelph Hydro Electric Systems Inc. Students = 1</div> <div><div></div> Total = 120 – All located in Guelph, Ontario, Canada</div> <div>Gender statistics not reported.</div>	
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Not		
EU17	Days worked by contractor and subcontractor employees involved in construction, operation and maintenance activities.	Not		
EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training.	Fully	100%	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fully	Extended health care, dental, life Insurance, long-term disability, employee assistance program, OMERS pension plan, computer purchase plan, educational assistance, wellness program.	
LA15	Return to work and retention rates after parental leave, by gender.	Not		
LABOUR/MANAGEMENT RELATIONS				
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	68%	
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Fully	Guelph Hydro does not specify minimum notice periods. However, the company complies with all legal obligations.	
OCCUPATIONAL HEALTH AND SAFETY				
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Fully	100% of the workforce is represented in formal joint management-worker health and safety committees.	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Fully	Guelph Hydro tracks all incidents, including first aid level, and also tracks the potential for injury and/or loss. There were no lost time injuries reported in 2012. Average days absent due to non-work-related accidents or illness in 2012 was 3.5 days per employee.	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Not		
LA9	Health and safety topics covered in formal agreements with trade unions.	Fully	Guelph Hydro's collective agreement with its trade union, the International Brotherhood of Electrical Workers (IBEW), is comprehensive and covers all relevant health and safety topics. All health and safety policies and procedures are reviewed by the Joint Health and Safety Committee.	

TRAINING AND EDUCATION

LA10	Average hours of training per year per employee by gender, and by employee category.	Partially	<p>Average hours of training</p> <ul style="list-style-type: none"> Senior Management = 52 hours Management / Supervisors/ Professionals = 43 hours Trades/Technicians/Technologists = 79 hours Union Clerical/Administration = 20 hours <p>Gender statistics not tracked</p>
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	2012 Sustainability Report - Social Responsibility - p.40
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Fully	100% of non-unionized employees receive annual formal performance and career development reviews. 100% of unionized employees receive formal reviews when progressing through job rate steps.

DIVERSITY AND EQUAL OPPORTUNITY

LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Not	
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EQUAL REMUNERATION FOR WOMEN AND MEN

LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Not	Guelph Hydro complies with the Pay Equity Act
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Social: Human Rights

INVESTMENT AND PROCUREMENT PRACTICES

HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Not	Not applicable
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	Not	Not material
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Fully	<p>100% of employees trained on Bill 168.</p> <p>Total hours of training = 400 hours in 2011 for all employees plus training of new employees in 2012.</p>

NON-DISCRIMINATION

HR4	Total number of incidents of discrimination and corrective actions taken.	Fully	None
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FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Fully	None
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CHILD LABOUR

HR6	Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour.	Fully	None
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PREVENTION OF FORCED AND COMPULSORY LABOUR

HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour.	Fully	None
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SECURITY PRACTICES

HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Fully	Not applicable. No security personnel.
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INDIGENOUS RIGHTS

HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Fully	None
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ASSESSMENT

HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Fully	None
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REMEDIATION

HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Fully	None
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Social: Society

LOCAL COMMUNITIES

EU19	Stakeholder participation in the decision making process related to energy planning and infrastructure development.	Not	
EU20	Approach to managing the impacts of displacement.	Not	Not applicable
S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Not	Not applicable
S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Not	
EU22	Number of people physically or economically displaced and compensation, broken down by type of project.	Not	Not applicable
S09	Operations with significant potential or actual negative impacts on local communities.	Not	
S010	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Not	

CORRUPTION

S02	Percentage and total number of business units analyzed for risks related to corruption.	Fully	100% – three companies
S03	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	100% of employees are trained in policies and procedures that relate to anti-corruption including the Code of Ethics and Purchasing Policy. Whistleblower process in place and employees trained.
S04	Actions taken in response to incidents of corruption.	Fully	No issues

PUBLIC POLICY

S05	Public policy positions and participation in public policy development and lobbying.	Fully	2012 Sustainability Report - Message to Our Stakeholders - p.3
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Fully	None

ANTI-COMPETITIVE BEHAVIOUR

S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Fully	None
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COMPLIANCE

S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	None
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DISASTER/EMERGENCY PLANNING AND RESPONSE

EU21	Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans.	Fully	Emergency Operations Plan, Business Continuity Planning Manual, training of key personnel, participation in emergency planning exercises
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Social: Product Responsibility

CUSTOMER HEALTH AND SAFETY

PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Fully	Projects undergo an Environmental Assessment process. Guelph Hydro constantly tests and audits the safety and reliability of its assets which deliver electricity (poles, wires, transformers, meters, etc.) to customers. Meters are regularly tested to meet Industry Canada federal revenue metering accuracy requirements.
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Fully	None
EU25	Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases.	Fully	None

PRODUCT AND SERVICE LABELING

PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Not	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Fully	None
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	The Ontario Energy Board requires that Guelph Hydro report on a variety of customer service measures. Annual reports are posted on the Ontario Energy Board website at www.ontarioenergyboard.ca . Guelph Hydro conducts periodic Customer Satisfaction Surveys administered by a third party consulting firm. This is a company initiative and not one that is mandated by the Ontario Energy Board or the Ontario government. The most recent survey was conducted in June 2011. The next survey will take place in 2013. The methodology is to randomly select customers to complete a telephone interview of standard questions.

MARKETING COMMUNICATIONS

PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Fully	The company adheres to all laws, standards and voluntary codes in its marketing, public relations and sponsorship activities. The Director of Corporate Communications is Accredited in Public Relations and is required to adhere to the Code of Ethics of the Canadian Public Relations Society (www.cprs.ca/aboutus/code_ethic.aspx)
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Fully	None

CUSTOMER PRIVACY

PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Fully	None
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COMPLIANCE

PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	None
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ACCESS

EU23	Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services.	Fully	2012 Sustainability Report - Social Responsibility - p.40
EU26	Percentage of population unserved in licensed distribution or service areas.	Fully	Zero
EU27	Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime.	Fully	< 48 hours = 121 customers 48 hours to 1 week = 21 customers 1 week to 1 month = 34 customers 1 month to 1 year = 39 customers > 1 year = None
EU28	Power outage frequency.	Fully	2012 Sustainability Report - 2012 Fast Facts - p.8 2012 Sustainability Report - Economic Value - p.16
EU29	Average power outage duration.	Fully	2012 Sustainability Report - 2012 Fast Facts - p.8 2012 Sustainability Report - Economic Value - p.16
EU30	Average plant availability factor by energy source and by regulatory regime.	Fully	2012 Sustainability Report - 2012 Fast Facts - p.8

PROVISION OF INFORMATION

EU24	Practices to address language, cultural, low literacy and disability related barriers to accessing and safely using electricity and customer support services.	Fully	Guelph Hydro is committed to providing accessible, quality service to all customers. Employees have received training and the company's Accessibility practices are outlined on the company websites at: www.guelphhydroinc.com , www.guelphhydro.com and www.envida.ca
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**www.guelphhydroinc.com
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Printed copies may be requested by sending an email to:

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