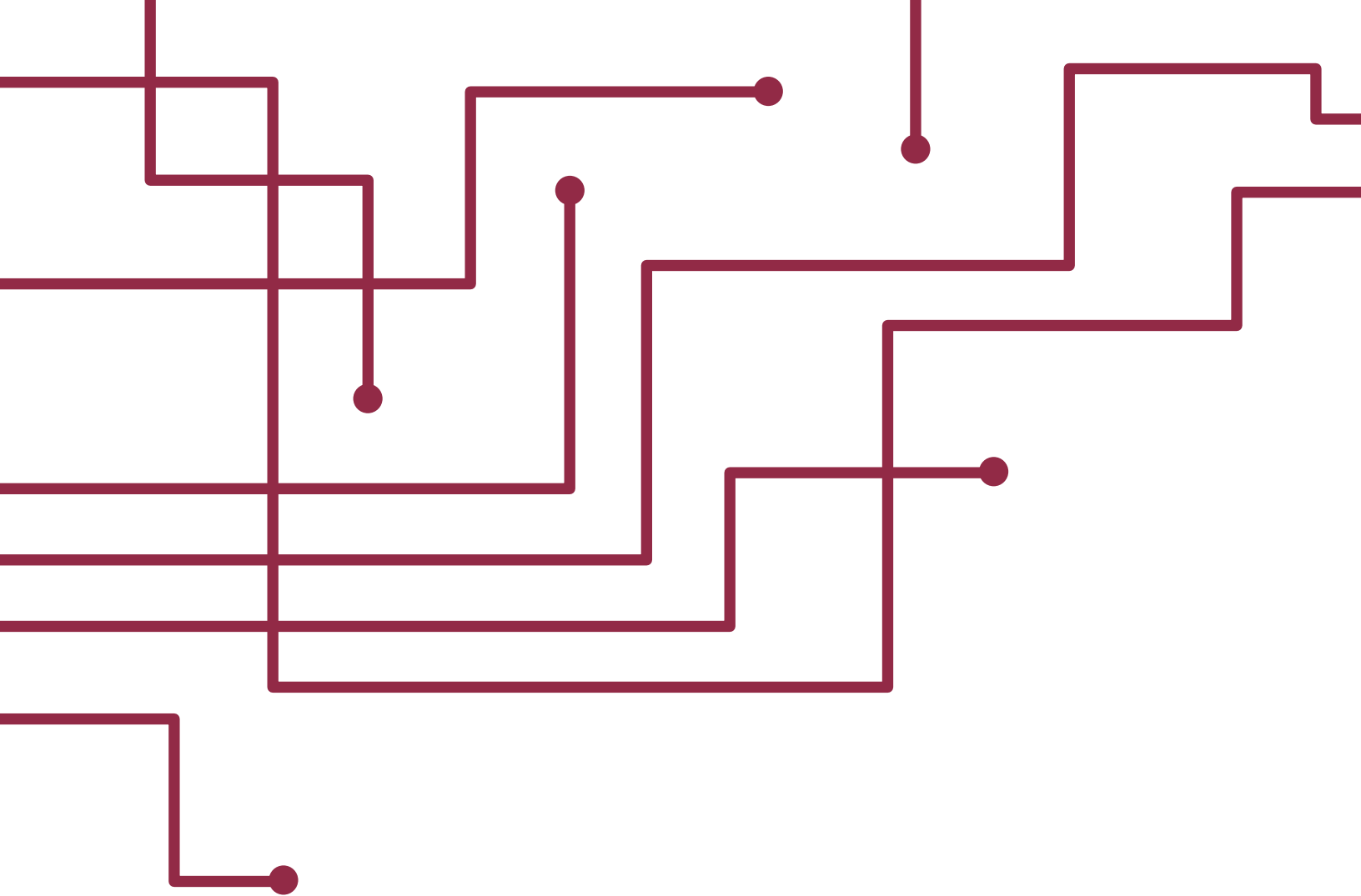




**THUNDER BAY
HYDRO**

2025-2029 STRATEGIC PLAN



NOTE FROM CEO AND BOARD CHAIR

TO OUR CUSTOMERS, EMPLOYEES AND SHAREHOLDER:

Thunder Bay Hydro Corporation (Hydro Corp) has been an asset to the citizens and City of Thunder Bay for over fifty years. With the execution of this plan, it will become a valuable platform for long-term economic growth, and will continue to be a trusted steward of public value.

The plan is shaped by the rapid evolution of the energy sector, the need for climate resilience, and growing community and shareholder expectations. This is Hydro Corp's first formal strategy and sets the direction for the next phase of the corporation's evolution as a municipally owned holding company committed to local impact, energy leadership, and responsible growth.

The process to develop the strategic plan has been based on engagement and listening. The company held sessions with City Officials, board members of the corporation, the executive management team, a large majority of subsidiary staff, external expert energy consultants, and banking and finance advisors.

The future customers of Hydro Corp and its subsidiaries need support to meet the challenges of transitioning to a low-carbon future. Many have net-zero or greenhouse gas reduction goals and are looking for comprehensive solutions. Some may be struggling with increased costs and regulation relating to energy delivery and management. Others see energy efficiency and new resources like electric vehicles, heat pumps and solar panels as part of a better future and are not sure where to begin.

This Strategic Plan outlines the key goals and activities for the future of Thunder Bay Hydro Corporation. The plan builds on our successful past, owning a top-tier electricity distribution company, an energy services corporation, and renewable generation.

Working together, the employees of Thunder Bay Hydro Corporation will be driven by

SUSTAINABILITY, INTEGRITY, COLLABORATION, COMMUNITY AND SAFETY.

This is our Vision:

CREATE ENDURING VALUE THROUGH SUSTAINABLE GROWTH AND POSITIVE COMMUNITY IMPACT.

We are grateful for your support for Thunder Bay Hydro Corporation, and we welcome questions and dialogue about the energy future that we will build together.



Rene Gallant,
President & CEO



Barb Eccles, HBSc, JD, LLM, ICD.D
Board Chair

EXECUTIVE SUMMARY

Hydro Corp's 2025 Strategic Plan marks the company's first formal strategy cycle—a foundational document that sets the course for our next phase of growth, innovation, and public value creation. As a municipally owned holding company, Hydro Corp is well positioned to oversee and grow a portfolio of businesses that deliver energy, utility services, and sustainable infrastructure to the communities we serve.

This plan is rooted in our dual role: as a community asset entrusted with advancing local prosperity and sustainability, and as a strategic investment for our shareholder, the City of Thunder Bay. We are guided by a long-term vision to drive economic development, enable the energy transition, and generate stable returns through disciplined growth and operational excellence.

The development of this strategy has been shaped by the rapidly evolving energy landscape, the need for climate resilience, and the opportunities emerging from electrification, decarbonization, and digitalization. It is also informed by the proven capabilities of our operating companies, the strength of our governance, and the ambition to be a trusted leader in public infrastructure transformation.

This plan lays out three aspirational goals, six core strategic initiatives, and a set of enabling strategies to ensure alignment across governance, operations, technology, and community impact. Together, these elements provide a roadmap for delivering long-term value while remaining agile and responsive in a changing world.

Hydro Corp is Ready to Act—to scale our capabilities, expand our impact, and partner with others to build a smarter, cleaner, and more resilient future.



VISION

Create enduring value through sustainable growth and positive community impact.

Hydro Corp serves as both a valuable community resource and a strategic investment for our shareholder, the City of Thunder Bay. As a community asset, we are committed to delivering efficient, dependable services and an exceptional customer experience while maintaining a strong partnership with the City to support its goals for economic growth, development, and environmental sustainability. As an investment, our focus is on generating stable, consistent, and increasing returns, enhancing shareholder value over both the short and long term.

MISSION

We offer full service and trusted solutions that help customers meet the challenges of energy transition. From planning and engineering to construction and maintenance, our utility sector expertise and deep industry relationships ensure long-lasting contributions to a modern, efficient and low-carbon energy future.

A growing portfolio of companies and projects providing energy and utility services and sustainable infrastructure to the communities we serve by leveraging trusted utility sector expertise, strategic partnerships, and a vision for an enduring energy transition

At Hydro Corp, we are committed to an organizational environment that fosters and demonstrates ethical business conduct at all levels and reflects our shared values of sustainability, integrity, collaboration, community and safety.

OUR ORGANIZATIONAL VALUES



SUSTAINABILITY

A compelling vision for a sustainable energy future



INTEGRITY

Delivering customer focused solutions in a trustworthy, fair and dependable manner



COLLABORATION

Working together to rise to energy challenges and find affordable solutions



COMMUNITY

Strengthening our communities through growth and giving back



SAFETY

Our top priority is to work and live safely

CORPORATE OVERVIEW

WHO WE ARE

Hydro Corp (Thunder Bay Hydro Corporation) is a municipally owned holding company, 100 percent owned by the City of Thunder Bay and incorporated under Ontario's Business Corporations Act. As a private company, Hydro Corp is governed by an independent Board of Directors, appointed by City Council.

Thunder Bay Hydro Corp currently owns and operates three primary subsidiary companies, around which our core businesses are organized: electricity distribution, renewable energy generation, and energy and utility services. With the Corporation focused on growth and diversifying our business, other operating companies will be established or acquired over the course of this planning period.

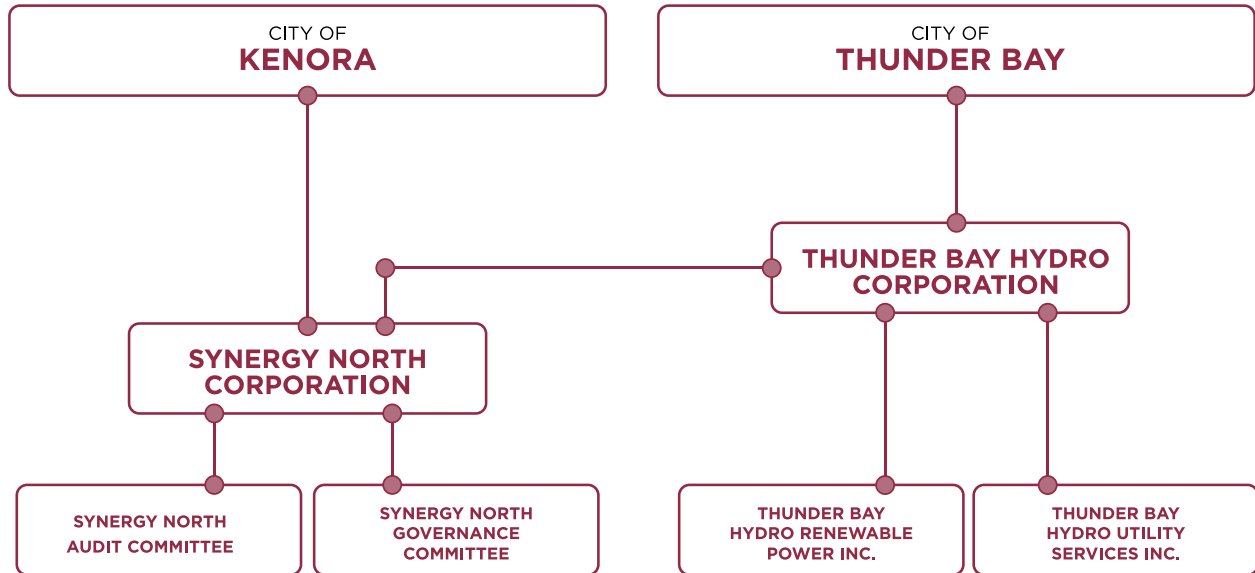
ROLE OF HYDRO CORP

As the strategic link between the City of Thunder Bay and its operating companies, Hydro Corp is responsible for setting direction, guiding corporate priorities, and maintaining open, two-way communication with its subsidiaries. Its core responsibilities include:

- To act as the conduit between the subsidiary businesses and the City of Thunder Bay (as the shareholder), facilitated two-way communication on shareholder needs and expectations and company strategies and performance.
- To set the strategic priorities for the portfolio of subsidiary companies to maximize their value to the shareholder. Particularly with respect to the long-term view of the companies, their business strategies and plans, risk appetite and management, and resource allocation.
- To oversee the subsidiary companies in their execution of the strategic priorities, including execution on shareholder expectation, corporate objectives, performance measurement, and recalibration of corporate objectives based on performance.

This governance structure ensures that Hydro Corp operates with both strategic oversight and the operational autonomy required to succeed in a dynamic infrastructure and energy environment.

CORPORATE STRUCTURE



Hydro Corp currently oversees three primary operating subsidiaries, organized around our core lines of business:

SYNERGY NORTH CORPORATION

A regulated electricity distributor serving over 56,000 customers in the Cities of Thunder Bay and Kenora. It manages over 1,400 km of overhead and underground power lines, and delivers frontline services including metering, billing, conservation programs, and 24/7 emergency response.

THUNDER BAY HYDRO UTILITY SERVICES INC.

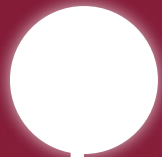
Provides utility support services across Northwestern Ontario, including metering, underground locates, IT hosted systems, billing support, and program delivery. It is known for its flexible, regionally oriented service offerings to other utilities in the region.

THUNDER BAY HYDRO RENEWABLE POWER INC.

Owns and operates the Mapleward Renewable Generating Station, a landfill gas-to-energy facility under Ontario's RESOP program.

As the Corporation evolves, current offerings will expand and new operating companies will be considered to support growth in emerging sectors such as energy consulting, distributed energy, and engineering services.

HISTORY OF THUNDER BAY HYDRO CORPORATION



1970

The Port Arthur Public Utilities Commission, which also controlled the water, telephone and public transportation systems, and the Hydro Electric Commission of Fort William ran independent hydro systems until they were ordered to amalgamate, along with the cities, in 1970.

2006

Started Utility Services Inc. a billing and Meter Service Provider company.

2000

Went from a public utility to two companies under the Ontario Business Corporation Act-- Thunder Bay Hydro Holding Company Inc. (holding company) and Thunder Bay Hydro Electricity Distribution Inc. (local distribution company). Privatization was required as part of the province's deregulation of the electricity industry. As a result, the elected Hydro Commission was replaced by a Board of Directors, appointed by City Council (Feb. 2001).



2007

Subsidiary THBRPI Received a 20 yr contract to generate electricity from Landfill gas

2010

Established SEE Initiative (Sustainable Electric Energy Development). Sold hot water tank division because of provincial regulations. Solar development agreement with the City signed. Mapleward Renewable Generating Station came online in August using landfill gas to supply the grid, under the RESOP plan with the province.

2013

The Solar Operations were set up as a SEED (Sustainable, Electric, Energy Development) Initiative, to develop renewable energy in our region. Six projects have been installed, totalling 779kW.

2015

USI takes on the locates services for tbaytel.

2019

Thunder Bay Hydro Electricity Inc and Kenora Hydro merge to create Synergy North.

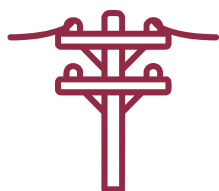


STRATEGIC CONTEXT

Hydro Corp's strategy emerges at a pivotal moment for the energy and infrastructure sectors. Across Canada and globally, utilities and municipalities are facing rapid transformation driven by climate policy, new technologies, evolving customer expectations, and a fundamental shift toward decarbonization and electrification.

Locally, the City of Thunder Bay is positioning itself for sustainable growth, economic diversification, and infrastructure renewal. Hydro Corp is uniquely positioned to support this transformation—serving as a strategic investment vehicle and an operational platform for community-focused, future-ready infrastructure solutions.

KEY DRIVERS INFLUENCING OUR STRATEGY



DECARBONIZATION AND ELECTRIFICATION

Governments at all levels are setting aggressive climate targets, accelerating the shift away from fossil fuels toward net-zero infrastructure. As communities electrify buildings, vehicles, and industrial systems, there is a growing need for integrated solutions—energy efficiency, renewable generation, distributed energy systems, and low-carbon technologies. Hydro Corp's mandate aligns with this direction, enabling investments that lower emissions and modernize local energy systems.



UTILITY SECTOR REALIGNMENT

Across Ontario, utility sector consolidation and shared services models are reshaping the industry. Hydro Corp will continue to evaluate local distribution company (LDC) acquisitions and service area expansion opportunities. The Corporation is also positioned to support other utilities and municipalities with consulting, engineering, metering, and digital services that reflect emerging needs.



CUSTOMER EXPECTATIONS AND DIGITALIZATION

Customers and communities are demanding more from their utility providers: clean energy, smart systems, resilient infrastructure, and exceptional service. Hydro Corp's subsidiaries must respond with innovative, customer-centric offerings—particularly in behind-the-meter services, EV infrastructure, energy data, and smart energy consulting.



STRATEGIC GOVERNANCE AND PUBLIC VALUE

As a municipally owned corporation, Hydro Corp is accountable to the public. We operate with transparency, sound governance, and a long-term orientation—balancing community impact with financial sustainability. Our growth must support public value, and promote inclusive economic development in our communities.

ASPIRATIONAL GOALS

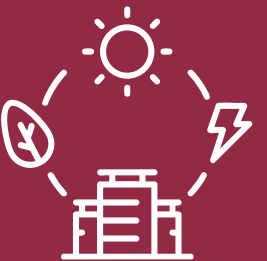
Hydro Corp's strategic direction is driven by a clear set of aspirations that reflect our purpose as both a community asset and a platform for growth. These goals guide our decisions, define success, and shape the impact we aim to deliver over the long term.



CAPACITY AND CULTURE

WE ARE BUILDING A COMPANY THAT IS READY TO ACT

Hydro Corp is evolving from a legacy structure into a purpose-built holding company capable of delivering sustainable value and leading transformative infrastructure projects. This requires intentional investment in governance, leadership, organizational design, and internal systems. We aim to build an entrepreneurial and responsive company culture—one that reflects our values, embraces innovation, and has the capacity to execute on growth.



ENERGY TRANSITION

WE GROW THROUGH ELECTRIFICATION, ENERGY TRANSITION AND BY OFFERING COMPLETE SOLUTIONS

Hydro Corp is positioned to lead the regional shift toward net-zero infrastructure. By expanding into consulting, engineering, and project delivery services, we will support municipalities, commercial customers, and industrial clients in planning and implementing electrification strategies. We will also pursue renewable energy generation investments that align with longterm decarbonization trends and financial sustainability that reflects our values, embraces innovation, and has the capacity to execute on growth.



CUSTOMERS

WE ARE A TRUSTED COMMUNITY PARTNER THAT DELIVERS EXCEPTIONAL VALUE AND SERVICE

Hydro Corp's success is rooted in its ability to respond to evolving customer needs, contribute to local prosperity, and strengthen community well-being. Our strategy includes the development of behind-the-meter solutions, expanded utility services, and collaborative partnerships that deliver measurable benefits. Whether through improved infrastructure, strategic partnerships, or Indigenous economic development, Hydro Corp will remain focused on community impact.



KEY INITIATIVES FOR GROWTH

To support this agenda, our strategy emphasizes strategic growth in our core strengths, ensuring we have the scale, financial resources, and innovative culture needed for success. Our growth agenda involves three components: Building Capacity and Culture, Mergers and Acquisitions and New Market Growth.

CAPACITY AND CULTURE

These actions are about ensuring we have the supports, capabilities and structures in place to deliver on the growth agenda and achieve the Vision of the Strategic Plan. We are building the company essentially from the foundation, although we are fortunate to have financial capacity and strong Board and executive leadership to put the rest of the infrastructure in place.

The key initiatives that fall under Capacity and Culture:



1

GOVERNANCE AND ADMINISTRATION

To support Hydro Corp's expanding role in the energy transition, we must modernize our governance and build the internal capacity to execute the strategy. Strengthening our governance framework will enhance transparency, risk management, and strategic oversight. This includes addressing board composition to ensure we have an adequate number of experienced directors with relevant sector expertise and diversified skills. With no dedicated staff currently in place, Hydro Corp will need to develop a human resources plan and begin building a team capable of delivering on our strategic objectives. There are other aspects of the organization to consider, including branding and customer experience, that will require investment over the longer term.

The current governance model—consisting of a four-member Board of Directors appointed by City Council—will be enhanced to reflect the evolving scope of the Corporation. Hydro Corp will review and strengthen board composition to include sector expertise, governance experience, and strategic oversight capabilities. The development of internal corporate systems, staffing, and brand identity will also be critical to positioning the organization for success.



2

INVESTOR RELATIONS

Hydro Corp will establish strong, transparent relationships with its shareholder, financing partners, and key stakeholders to support long-term growth. A revised Unanimous Shareholder Agreement (USA) and Shareholder Declaration will clarify governance roles while enabling operational autonomy. We will also adopt a renewed dividend policy aligned with shareholder expectations and long-term financial sustainability, always retaining Board discretion to issue dividends. To support future investments, we will build relationships with financial institutions and advisors, being prepared to access capital lending when opportunities arise. Strategic partnerships will further enhance our capacity; unlocking access to new technologies, markets, and funding streams to advance our electrification goals and deliver value to the community.

ENERGY TRANSITION

We grow through electrification, energy transition and by offering Complete Solutions.

These activities include clearly telling our story about customer and community value. We will ensure the company is ready to enable the net-zero goals of our community partners and deliver on Canadian and Provincial government mandates. We will support electrification of all types, including electric vehicles, batteries, heat pumps and other aspects of electrifying homes and businesses. We will deliver a world class customer experience.

3

BUSINESS DEVELOPMENT

Hydro Corp will establish a disciplined framework to guide its strategic growth and business development efforts in support of the energy transition. We will implement a structured merger and acquisition framework to identify and pursue ventures that complement our core strengths and accelerate long-term value creation. Hydro Corp will prepare to lead new energy infrastructure developments, including greenfield projects that support increased energy needs and sustainable growth. We will strengthen internal expertise in project development, regulatory processes, and technical design, while establishing a clear framework to evaluate opportunities. We will consider participation in or development of renewable energy generation projects— both independently and through strategic partnerships—aimed at increasing the supply of clean energy while generating strong, stable returns for our shareholder.

Hydro Corp is committed to building a dynamic portfolio that creates long-term value for its shareholder and delivers relevant, future-ready services. This includes expanding the reach and impact of existing subsidiaries while identifying and pursuing new opportunities that align with our core strengths.

Business development at Hydro Corp will follow a structured framework—focused on alignment with the energy transition, risk-managed returns, and synergies with municipal goals. We will assess opportunities in adjacent service areas such as sustainable heating and cooling, distributed energy systems, energy consulting, demand management and infrastructure engineering. In parallel, we will prepare the organization to participate in greenfield development or acquisitions when there is a clear strategic and financial benefit.

This initiative is critical to diversifying revenue streams, improving resiliency, and positioning Hydro Corp as a trusted public infrastructure partner.

4

ENERGY TRANSITION AND ENGINEERING

Hydro Corp will build the expertise to serve customers and lead the shift to net-zero by delivering low-carbon solutions and supporting electrification across municipal, commercial, and industrial sectors. Through targeted service expansion, including energy management, consulting, engineering, and turnkey implementation, Hydro Corp will support customers in reducing emissions and improving efficiency, positioning itself as a comprehensive, one-stop shop for energy transition solutions. We will develop a clear vision and plan for energy transition that takes a cost-effective long-term approach to changes anticipated by customers.

Hydro Corp is preparing to play a key role in enabling electrification and decarbonization across the municipal, commercial, and institutional sectors. As communities transition to low-carbon infrastructure, there is growing demand for trusted partners who can guide planning, provide technical insight, and eventually deliver full-service solutions. Hydro Corp is positioning itself to meet this demand.

This initiative focuses on building the internal expertise and strategic foundation needed to support customers in their energy transition journeys. While Hydro Corp is not yet delivering large-scale solutions, we are actively advancing our understanding of market needs, identifying high-potential service areas, and initiating early-stage engagements. Over time, this platform will evolve to offer integrated planning, engineering, and turnkey implementation services that reduce emissions, improve efficiency, and modernize local infrastructure.

CUSTOMERS

We are a trusted Community Partner that delivers exceptional value and service.

Continued diversification of our products, services, and customer base is critical to our success. The fast-changing energy landscape requires us to stay ahead of evolving customer needs and deliver tailored solutions. As demand grows for offerings such as data management, building retrofits and automation, EV charging, distributed generation, energy storage, and greenhouse gas reduction, Hydro Corp will broaden its portfolio to meet these expectations. This expansion will be further strengthened by our own transition to net zero, which will enhance our sustainability expertise and service capabilities.

These initiatives will ensure that TBHC companies will continue to view safety as the top priority and will emphasize that our employees are our greatest strength. We will attend to relationships with external partners as we anticipate future growth, including our collaboration with municipal partners, First Nations communities and post-secondary institutions.

The following initiatives will be taken to pursue new market growth:

5

UTILITY SERVICES EXPANSION

Hydro Corp will focus on maximizing the return and growth potential of its current investments and assets by ensuring they are fully optimized, strategically aligned, and leveraged to support future expansion opportunities.

Hydro Corp is focused on expanding its utility services footprint and growing a diverse, resilient revenue base. Building on the strong performance and trusted service delivery of Thunder Bay Hydro Utility Services Inc. (TBHUSI), we will seek to increase our customer base for metering, back-office support, and locate services across Northwestern Ontario and beyond.

Hydro Corp will continue to explore opportunities to expand its footprint of local distribution companies as part of a broader strategy to grow our service territory and reach new customers through acquisitions where there is a clear benefit to our customers and our shareholder.

As communities modernize their infrastructure and seek regional support, there is significant opportunity to broaden the customer base and service offerings of TBHUSI. This initiative focuses on scaling existing strengths, exploring new service opportunities, and improving operational readiness to support a more diversified and sustainable revenue stream for Hydro Corp.



6

BEHIND THE METER SOLUTIONS

As customer needs evolve and energy systems decentralize, behind-the-meter (BTM) solutions —such as rooftop solar, battery storage, electric vehicle (EV) charging infrastructure, and advanced energy management systems—are becoming increasingly prominent. Hydro Corp recognizes the potential of these solutions to empower customers, enhance grid efficiency, and support electrification goals. Building on our understanding of utility-customer relationships, we will explore opportunities to offer value-added customer centric energy services. TBHC will cultivate strategic, long-term partnerships with local communities, municipalities, businesses, and stakeholders that drive growth based upon what customers want for their own energy planning.

This initiative positions Hydro Corp to explore and evaluate a future role in this space. As the market matures and technology becomes more accessible, there is an opportunity to evolve from passive asset ownership to a proactive service provider that empowers customers to achieve sustainability goals. In the near term, Hydro Corp will focus on assessing market needs, understanding regulatory considerations, and identifying partnerships that could accelerate future service delivery.

These solutions will be especially relevant in Northern Ontario, with small to mid-sized municipalities that seek decarbonization pathways but may lack the capacity to act independently. Hydro Corp's goal is to support that transition by building out the platform, tools, and partnerships required to become a trusted solutions provider.

ENABLING STRATEGIES

TECHNOLOGY AND INNOVATION

A vision for digitalization and innovation that supports energy transition

Through a vision for digitalization and innovation that prepares the company, leadership and employees for the future. By building a digitally enabled company, Hydro Corp will remain agile, efficient, and responsive in a rapidly changing energy landscape. Our strategic human resources plan will incorporate a culture of innovation including leadership strength and execution expertise appropriate for the growth plan. A highly skilled, properly trained, and digitally sophisticated workforce is essential to TBHC's success. At all times, safety will remain the top priority. We will prioritize investment in our technology platforms, within a prudent investment framework, to ensure we can meet the growth needs of the business and our customers over the long term. With the right mindset and skilled employees Thunder Bay Hydro can use technology and innovation to work with partners on new ideas to meet the demands of electrification, energy efficiency, and climate change.

Equipping the organization with the digital tools, systems, and culture needed for modern leadership.

Hydro Corp will adopt a digital-first mindset to support future service delivery, data-driven decision-making, and operational efficiency. This includes investing in scalable technologies, modern business systems, and a culture of continuous improvement that allows the organization to adapt, grow, and serve diverse customer needs across its subsidiaries.



○ COMMUNITY ENGAGEMENT

A COLLABORATIVE COMMUNITY PRESENCE BASED ON PARTNERSHIP

At Hydro Corp, community engagement is foundational to our role as both a trusted energy partner and a catalyst for local growth. We are committed to fostering deep, collaborative relationships with the communities we serve, grounded in transparency, shared goals, and mutual benefit. Working alongside municipalities, Indigenous partners, institutions, and local businesses, we will create solutions that address today's energy challenges while preparing for the future. Whether through integrated infrastructure projects, education and outreach, or joint planning for sustainable development, our approach is guided by a long-term commitment to strengthening communities, supporting economic resilience, and advancing a just energy transition. We will strengthen relationships with local First Nation communities with a focus on listening, learning and reconciliation while seizing opportunities to jointly foster economic projects and investments.

BUILDING TRUSTED RELATIONSHIPS WITH MUNICIPALITIES, INDIGENOUS PARTNERS, AND REGIONAL INSTITUTIONS.

Hydro Corp recognizes that success is rooted in strong relationships, shared goals, and inclusive community development. As a municipally owned corporation, we are accountable to the public and committed to creating lasting community impact. We will continue to engage in authentic, transparent dialogue with our shareholder, municipal clients, Indigenous partners, and postsecondary institutions.





THE PATH FORWARD

Hydro Corp's inaugural Strategic Plan establishes a bold yet disciplined foundation for sustainable growth, public value, and long-term financial performance. This plan reflects our readiness to lead—strategically guiding a portfolio of companies that deliver critical infrastructure, energy solutions, and innovation to the communities we serve.

This document does not mark the end of our strategic efforts—it marks the beginning. Over the coming months and years, Hydro Corp will implement the actions outlined across our core initiatives, build the internal capacity required for execution, and regularly engage with our shareholder and stakeholders to ensure transparency, accountability, and alignment.

We are committed to measuring our progress and refining our approach as the landscape evolves. Governance frameworks will be strengthened, financial tools will be modernized, and community partnerships will be deepened. With a focus on electrification, renewable energy, customer solutions, and regional growth, Hydro Corp is prepared to act on opportunities that serve both the public interest and our shareholder's long-term goals.

Above all, Hydro Corp will remain grounded in its dual purpose: to be a trusted community asset and a platform for responsible, enduring growth.





THUNDER BAY HYDRO

34 CUMBERLAND STREET NORTH | THUNDER BAY, ON | P7A 4L3 | T: (807) 343-1111 | 1-833-428-1451