A better and brighter future for all:

Enabling the energy transition

2023 Sustainability Report

About this report

Hydro One Limited (referred to as Hydro One or the company) is committed to energizing life for Ontario with reliable and sustainable solutions for a brighter future for all.

Report scope: This Sustainability Report provides a balanced account of our performance across a range of sustainability measures from January 1 to December 31, 2023. The information contained in this report is for Hydro One Limited. In instances where data is available only for our operating subsidiary Hydro One Networks Inc. (Hydro One Networks), it will be noted with an asterisk (*). Content that is marked with SF indicates that these projects were financed in whole or in part by sustainable bonds. Financial figures in this document are reported in Canadian dollars. All figures are approximate figures and rounded to the nearest decimal place.

Report process and frameworks: The annual Sustainability Report is reviewed and approved by Hydro One's Board of Directors (Board), the company's Disclosure Committee and senior management. Our reporting is guided by our most recent **materiality assessment** and we have prepared our report using the global reporting standards and frameworks that are most relevant to our business:

- Global Reporting Initiative (GRI);
- Sustainability Accounting Standards Board (SASB);
- Recommendations from the Task Force on Climate-related Financial Disclosures (TCFD); and
- United Nations Sustainable Development Goals (UN SDGs).

Our disclosures can be found in the **GRI content table**, **SASB table**, **Recommendations from the TCFD**, and the **UN SDG chart**.

External assurance: KPMG LLP (KPMG) was engaged to provide a limited assurance conclusion over indicators identified with † as at and for the period ended December 31, 2023. See page **54** for KPMG's Independent Practitioner's Limited Assurance Report. Our greenhouse gas (GHG) emissions data for 2023 was verified by external auditors GHD Limited (GHD) and identified by ‡. See page **55** for the GHD Letter of Assurance.

Connect with us

If you would like to connect with Hydro One with feedback, you can reach us at:

Sustainability: **Sustainability@HydroOne.com**

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Acronyms

2SLGBTQIA+	Two-spirit, lesbian, gay, bisexual, transgender, queer or questioning, intersex, asexual, and other sexual orientations and gender identities
AI	Artificial Intelligence
CAIDI	Customer Average Interruption Duration Index
CCAB	Canadian Council for Aboriginal Business
DAHI	Diversifying Apprenticeship Hiring Initiative
DEI	Diversity, Equity and Inclusion
DER	Distributed Energy Resources
EA	Environmental Assessment
EMS	Environmental Management System
EPC	Engineering, Procurement and Construction
EPP	Environmental Protection Plan
ERG	Employee Resource Group
ERM	Enterprise Risk Management
ESG	Environmental, Social and Governance
EVP	Executive Vice President
GHG	Greenhouse Gas
GRC	Governance and Regulatory Committee
GRI	Global Reporting Initiative
HRC	Human Resources Committee
IESO	Independent Electricity System Operator
IPSO	Indigenous Peoples, Safety & Operations
ISP	Internet Service Provider
LDC	Local Distribution Company
LEAP	Low-income Energy Assistance Program
OEB	Ontario Energy Board
P2D	Pathways to Decarbonization
PAR	Progressive Aboriginal Relations
PCB	Polychlorinated Biphenyls
QSP	Qualified Service Provider
RCC	Remote Command Centre
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SASB	Sustainability Accounting Standards Board
SF_6	Sulphur Hexafluoride
SFI	Sustainable Financing Instruments
SPO	Second Party Opinion
TCFD	Task Force for Climate-related Financial Disclosures
TS	Transmission Station
UN SDGs	United Nations Sustainable Development Goals
VP	Vice President
VR	Virtual Reality

A message from our Chair

On behalf of the Board of Directors of Hydro One, I am pleased to introduce the 2023 Sustainability Report. Hydro One sees a better and brighter future for all, and we are proud to be at the forefront of Ontario's electrification and transition toward a low-carbon economy.

To succeed in our role as the enabler of energy transition, we know we need the support and collaboration of our partners, particularly Indigenous communities. Meaningful Reconciliation through a new approach to partnership is our purpose in Indigenous relations.

In 2023, Hydro One reinforced its corporate Reconciliation commitments through the province-wide implementation of our First Nations Equity Partnership Model and support for a low-cost First Nations equity financing program. Hydro One established a new record for purchases with Indigenous businesses for materials and services by spending more than $142 million, approximately 5.7% of our total sourceable spend. Through Hydro One Remotes, we pride ourselves on serving remote and isolated communities in Ontario's far north, communities whose remoteness often means limited access to basic services.

We are pleased that our emphasis on economic Reconciliation and commitment to building lasting partnerships with Indigenous communities was instrumental in advancing Hydro One a Gold-level recognition by the Canadian Council for Aboriginal Business (CCAB) in Progressive Aboriginal Relations (PAR).

The Board of Directors continues to remain mindful of our fiduciary and public responsibilities to shareholders. As always, we are prudently assessing and monitoring the impacts of Hydro One's investments, and risks

Timothy Hodgson
Chair

and opportunities across our portfolio, to safeguard the sustainability of electricity for our customers. Collectively, we see tremendous opportunity to shape a more resilient, equitable, and prosperous energy system.

Timothy Hodgson
Chair

A message from our President and CEO

It is an exciting time to be in the electricity industry in Ontario. We have a generational opportunity to meet the challenges of a transition to a low-carbon economy during a time of unprecedented growth in our energy needs. I am confident that Hydro One will meet these opportunities.

How will we do it?

We are Ontario's largest electricity transmission and distribution provider, and we are embracing our leadership role as the enabler of energy transition in Ontario. Hydro One's foundations are strong, our employees are filled with purpose and our customers know that we are here for them now and in the future. We have had an amazing year, and we look forward to what we will achieve together.

A year of action

Safety comes first in everything we do. In 2023, our annual recordable injury rate of 0.56 per 200,000 hours worked proudly earned Hydro One the Safety Excellence Award from Electricity Canada and proved to us, and our industry peers, that a zero-safety incident workplace is possible. There is nothing more important than ensuring that our people return home safely, and we continue to recognize there is more work to do to achieve a workplace free of life-altering injuries and fatalities.

We are driven by our goal to provide our customers with an easy and enriching experience. We understand that the needs of our customers are varied, and their changing preferences means we need to remain agile in our response. Hydro One invested approximately $2.5 billion capital in 2023 in its transmission and distribution networks. We launched a voluntary demand response program – *my*Energy Rewards – that provides financial incentives to participating customers with smart devices while also empowering them to help reduce stress on the grid. Our customer satisfaction score among residential and small business customers remained strong at 87%, demonstrating that customers remain satisfied with the services we provide them.

Our focus on partnerships continues to enhance the value of the grid and deliver sustainable growth that meets the needs of customers across Ontario today and into the future. In 2023, we advanced work on a network of nine new major capital infrastructure projects. One of the projects, the Chatham to Lakeshore Transmission Line project, exemplifies the best of Hydro One – coming in under budget and one year ahead of schedule.

This project, which is expected to support economic growth in agri-foods, clean energy supply chain and manufacturing, is one example of how we embed sustainability into the organization.

To deliver on our customer commitments and partnerships, we rely on our highly skilled and engaged workforce, a workforce foundational to a successful energy transition. We plan to keep listening to our employees and taking action to create outstanding employee experiences and a thriving workplace culture. With intense competition for skilled workers and diverse demographics, Hydro One is proactively nurturing the next generation of talent. We are proud of our new Diversifying Apprenticeship Hiring Initiative (DAHI), which aims to attract, select and support our future workforce by establishing Hydro One as the employer of choice for apprentices. We are a founding partner of Electricity Now™, a national initiative offering a standardized national electricity and climate change curriculum for grade 9/10 students. Diversity, equity and inclusion are not just buzzwords at Hydro One – they are central to our workforce planning strategy.

Our efforts in partnerships, diversity and sustainability have allowed us to achieve another first in our industry: we are the first major utility in Canada to publish a Sustainable Financing Framework, which allows Hydro One and its subsidiaries to issue sustainable financing instruments such as green and sustainable bonds. We are now actively financing projects that help create, sustain and maintain access to low-carbon electricity.

Ontario's energy future is looking better and brighter every year, but there is much more work to be done.

David Lebeter
President & Chief Executive Officer

I want to thank all our team members whose passion, dedication and hard work contribute to building a better and brighter future for all. Hydro One is prepared for what's next, and we will continue to lead the way to a sustainable future.

David Lebeter
President & Chief Executive Officer

Who we are

Hydro One Limited, through its wholly-owned subsidiaries, is Ontario's largest electricity transmission and distribution provider. We are committed to the communities where we live and work, through our community investment, sustainability and diversity initiatives. We are designated as a Sustainable Electricity Company by Electricity Canada.

Rate-regulated business[1]

Transmission

Owns and operates a transmission system that accounts for **92%**[2] of Ontario's transmission capacity with **30,000 circuit kilometres** of high-voltage transmission lines.

Owns and operates **25 cross-border interconnections** with neighbouring provinces and the U.S.

Includes **Hydro One Sault Ste. Marie LP and an ownership interest in B2M Limited Partnership (66%) and Niagara Reinforcement Limited Partnership (55%)**.

Distribution

Largest distributor in Ontario, with **125,000 circuit kilometres** of primary low-voltage distribution lines.

Serves **1.5 million residential and business customers**, mostly in rural areas.

Hydro One Remotes Communities (Hydro One Remotes) serves customers in **10 grid-connected communities** and **14 off-grid communities** in Ontario's far north.

Other business

Acronym Solutions Inc. (formerly, Hydro One Telecom) offers a comprehensive suite of information and communications technology solutions.

Ivy Charging Network™ (Ivy), a joint venture between Hydro One and Ontario Power Generation, owns and operates electric vehicle (EV) fast charging stations across Ontario.

Aux Energy Inc. provides energy solutions to commercial and industrial clients.

Hydro One's role in the Ontario electricity system[3]

1 Numbers related to transmission capacity, length of transmission and distribution lines, and customers are approximate.

2 Based on the network component of the revenue requirement approved by the Ontario Energy Board. Hydro One owns and operates approximately 95% of the transmission system in Ontario based on the total OEB approved revenue requirement.

3 A mix of private companies and government-owned entities generate power for all of Ontario and the sources of power are managed by the province's Independent Electricity System Operator.

Our approach to sustainability

Hydro One has a deep connection to Ontario, one we hold with pride and unwavering commitment. This connection informs our approach to sustainability every day. It means we are committed to transmitting and distributing electricity in a safe, and an environmentally and socially responsible manner to meet the needs of customers across Ontario.

We understand that for our long-term performance and viability, we need to embed sustainability into all aspects of our own business and ground ourselves in:

- the **foundations** of a sustainable utility;
- the **purpose** our people feel in delivering reliable and sustainable solutions for a brighter future; and
- **future-proof** Hydro One so that we are here for our customers for the long-term.

Safety, system reliability, a low-carbon and resilient grid, an engaged workforce and good governance are all core to the success of a strong and sustainable utility. At Hydro One, we are confident in our management of these foundational elements.

The greatest asset we have is our purpose-driven workforce. Our employees are motivated and proud to work for Hydro One as we deliver on our vision of a better and brighter future for all. We are partnering with Indigenous communities, industries, governments, regulatory bodies and others to better serve our customers and help them transition successfully into a low-carbon future. Our industry-leading **Equity Partnership Model** with First Nations and sustainable financing instruments are just two examples of the innovative nature of our work.

A changing climate impacts customers and utilities. At Hydro One, we have been working on adaptation actions to continue to deliver safe, reliable power to our customers, while also future-proofing our business. We have introduced internal and external (with partners) skill development programs so that we and our industry peers have the workforce needed to enable the energy transition.

Sustainability objectives: As a transmission and distribution company, we are focused on executing the sustainability objectives of our corporate strategy where we believe we can make the greatest impact. They include diversifying our talent across our workforce; reducing our environmental footprint; and strengthening Indigenous and community partnerships to build improved socio-economic capacity throughout the province. In 2024, Hydro One refreshed its corporate strategy to showcase its evolution as a critical component of the energy landscape in Ontario, with a focus on customers, sustainable growth, future solutions and partnerships.

Stakeholder engagement

Hydro One's Sustainability Report is guided by the key sustainability topics identified through a **materiality assessment**, and through stakeholder and Indigenous community engagement.

In 2023, we continued to engage with key stakeholders and partners to strengthen our relationships and drive positive change for all Ontarians. The following tables provide a snapshot of how we engaged with, and the topics we discussed, with stakeholders, partners and Indigenous communities throughout the year.

Stakeholders	How we engage	Topics of engagement
Employees	• Quarterly employee calls • Regular hybrid town halls • Annual employee experience survey • Annual Diversity, Equity and Inclusion (DEI) symposium • Focus groups • Employee resource groups (ERGs)	• Safety and wellness • DEI • DEI training • Benefits • Career growth • Systemic barrier review of talent management cycle • Commitment to meeting external pledges
Customers	• Information campaigns • Media campaigns • Regular satisfaction surveys (perception based and transactional) and focus groups • Ongoing exchanges with account executives and customer service representatives • Customer education • Contact Centre interactions with artificial intelligence (AI) supported monitoring and analysis	• Affordability, choice and pricing options • Connected with Care initiative • Support with bill payments • Seasonal rate class • Customer review of change in seasonal property to permanent residence use • Advice on electric vehicle (EV) chargers • Energy efficiency programs • Demand response
Communities	• Dedicated Community Relations and Municipal Relations team • Flexible and varied engagement opportunities (virtually and in person) • Local community advocacy roundtables	• Meaningful engagement throughout the life cycle of an infrastructure project • Supporting vibrant communities through our community investment and sponsorship opportunities
Investors	• Press releases, quarterly reports, quarterly investor and analyst calls, Annual Report • Hybrid annual general shareholders' meeting • In-person and virtual investor conferences and road shows • Directors, including Board Chair, as appropriate engage with shareholders	• Corporate earnings • Corporate strategy • Equity Partnership Model • Joint Rate Application • Business updates • Growth • Sustainability • Community engagement • Storm response

Stakeholder engagement

Stakeholders	How we engage	Topics of engagement
Regulators & governments	• Interaction with all levels of government, Independent Electricity System Operator (IESO) and our main regulator, the Ontario Energy Board (OEB) • Advocacy on behalf of customers • Advocacy on policy related to our corporate priorities	• Updating regulatory framework to facilitate investment and operation of Distributed Energy Resources (DERs) without compromising safe, reliable power • Advocating for a coordinated and affordable path to electricity system decarbonization • Modernizing environmental assessment (EA) process • Advocating for critical infrastructure investments • Expanding broadband reach
Unions	• Joint committees for key initiatives • Collective bargaining • Regular calls with the three largest unions	• Health, safety and wellness • DEI • Indigenous hiring/engagement • Bargaining details • Key initiatives • Operational concerns
Non-governmental organizations & industry associations	• Participation in industry association conferences, events, councils, committees and working groups • Partnerships with industry associations	• Shared research • Advocacy activities

Indigenous communities	How we engage	Topics of engagement
Indigenous communities	• Community-led approach • Indigenous Relations team with dedicated staff focused on engaging with communities early • In-person, virtual and hybrid meetings • Initial and ongoing support through capacity funding • Partnering/collaborating with Indigenous communities • Community-specific engagement plans • Outreach to Indigenous-owned business • In-depth, early and transparent engagement with communities	• Planning Hydro One activities and projects with the input of Indigenous communities • Community initiatives and programming • Connecting critical infrastructure on reserve lands • Three-phase power connection requests • Power reliability • Resolving past grievances • Capacity funding • Relationship agreements • Indigenous procurement • Information on upcoming projects • Indigenous knowledge • Community energy needs

ESG highlights

0.56
annual recordable injury rate per 200,000 hours worked

~$2.5B+
invested capital to expand and renew the grid

14th
Edison Electric Institute award for our storm response

~24%
reduction in Scope 1 GHG emissions compared to 2018 baseline

34%
of sedans and SUVs converted to EVs or hybrids

10th
remote community was connected to the grid

45%
female Board of Directors

~36%
female executives (VP and above)

~$2.4B
issued in sustainable and green bonds

5.7%
of sourceable spend from Indigenous businesses

22%
of corporate donations and sponsorships allocated to Indigenous communities

Chartwell Bronze Customer Service Award for virtual reality (VR) training

Gold-level certification

Canadian Council for Aboriginal Business (CCAB) Progressive Aboriginal Relations (PAR)

Strong foundations today and tomorrow

To continue to deliver safe, reliable and clean power to Ontario, Hydro One must ensure that its strong foundations endure. We have worked hard to keep our workforce and our infrastructure safe and secure. Over the decades, we have focused on the fundamentals, including the right governance systems that make up a reliable, resilient and low-carbon grid. We intend to serve Ontario for decades to come, with strong foundations firmly in place.

Foundations

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Health and Safety

The most critical foundation to a sustainable Hydro One is safety. The inherent nature of our work means we must focus on this commitment and value to be a trusted utility. Hydro One is responsible for keeping its workers and the public safe, a responsibility we take very seriously. Accordingly, safety is part of everything we do – it is embedded in our corporate culture and is the first of our corporate values. Nothing is more important than the health and safety of our employees, our customers and the public.

Our approach is guided by:

- Hydro One's Corporate Values
- ISO 45001 Occupational Health and Safety Standard
- Health, Safety and Environmental Management System
- Hydro One's Safety Improvement Plan
- Commitments to safety, inclusion, physical and mental health, and wellness

Within Hydro One, we have taken proactive actions to inspire and promote personal safety and safety leadership across the organization. We are always striving to be the safest utility with a focus on eliminating life-altering and life-threatening injuries and fatalities.

2023 performance

Hydro One excelled across various safety metrics, proving that our company's target of zero life-altering injuries and fatalities is possible. Improved analysis of incident data allowed us to proactively address workplace risks and improve safety outcomes. Our annual recordable injury rate for 2023 is well below the industry benchmark of 1.0, surpassing our industry peers and earning us the Safety Excellence Award from Electricity Canada. Unfortunately, the unforgiving nature of our work environment is always present and as a stark reminder of this, we had two high-energy incidents. We remain grateful that the injured employees have since returned to work and to help prevent further such incidents, we have implemented several preventative measures and introduced additional employee education initiatives.

Safety in the field: To encourage every employee to adhere to operational best practices and discipline, especially in the field, in 2023, we:

- Launched a series of new health and safety tools and communication campaigns focused on empowering employees to do the right thing, the right way, every time.
- Released an updated Hydro One Safety Rules Book to reinforce these initiatives.

Keeping our apprentices safe: Our Trades Mentorship Program grew to 450+ mentors and 300+ apprentices and journeypersons from our Station Services, Distribution Lines and Forestry teams. Through the program, experienced mentors support new apprentices to better understand their trade, covering technical skills, and identifying and addressing trade-related safety hazards and decision-making. Empowering young workers to voice safety concerns is crucial to ensuring the next generation of safe employees and workplaces.

Mind the lines: Hydro One is committed to public safety in the same way we are focused on employee safety. Annually, we conduct an Ontario-wide public safety campaign, emphasizing community outreach and education through the media and in collaboration with emergency services, schools and by participating in community events.

Recordable injury rate per 200,000 hours worked

0.56

Sustainability corner

Health and Safety Policy
Public Safety Policy
Safety absolutes
Health and safety data (Table 3.2)

Health and safety

A Q&A with Scott Vicary, Hydro One Vice President of Health and Safety

Over the past decade, Hydro One has improved our safety performance record year over year. We had the opportunity to speak with Scott Vicary to learn more about what's driving this success.

Q: Scott, can you talk about Hydro One's health and safety culture and what's driving such improved performance?

A: Absolutely. As a safety-first electricity transmitter and distributor, we've established ourselves as an industry leader in North America. But what sets Hydro One apart is that regulatory and legal compliance are not the main drivers of our safety culture. Over the past decade, we've developed our own robust health and safety standards that raise the bar beyond the basic requirements. Safety is a core value at Hydro One and we've shifted our focus to view health and safety through a human and community lens. Our approach better connects us with what's happening in people's lives, in the field and locally in communities. For our team, being responsible and promoting sustainability shows up in our human and community focus, in our long-term Safety Improvement Plan, and in the forward-thinking way we approach our work.

Q: Can you tell us more about the Safety Impovement Plan?

A: Our Safety Improvement Plan includes 12 impactful initiatives that are focused on creating strong operational discipline and safety culture; nine have been completed and the remaining three are in progress. Over the past few years, we've refocused our work to drive progress in areas where we can have the biggest impact. Instead of the traditional pyramid foundation, where the core focus is on preventing smaller incidents like cuts and scrapes, we inverted the pyramid to focus on the big things like eliminating serious injuries and fatalities.

This new commitment to preventing serious incidents has resonated really well at Hydro One, particularly in field operations. Together, we're building programs that are useful and valued on the frontlines, and we're growing an operational culture that talks openly about safety. The results speak for themselves… Hydro One has reported year-over-year improvements across various health and safety metrics for three years in a row.

Q: You say our approach carries through beyond our work. Can you elaborate on this?

A: We're hearing incredible stories of how our field crews are bringing Hydro One's human-focused safety values to life in local communities. This past winter, one of our crews was working to restore power following a severe winter storm. Not only did they safely get the power back on, but they were able to help clear access to a home so that first responders could attend to a senior in distress. This is just one of many examples of our people, customers and community working together to keep everybody safe.

Q: Mental health and psychological safety have become significant focus areas. Can you elaborate on the initiatives Hydro One has undertaken in these areas?

A: This past year, we stepped up our efforts to integrate mental health and psychological safety strategies further into our initiatives.[4] We recognize we won't get it right by working alone and so we're actively collaborating with other business teams to create the best possible plans and content. We also know that we need to listen and learn from employees with lived experiences. Our strategy includes creating feedback mechanisms in the field and developing impactful stories, like personal experience videos from Hydro One mental health champions. Mental health and psychological safety will continue to be emphasized in the coming year, and we've assembled a passionate team that is ready to talk about these and other important topics.

Looking to the future

At Hydro One, we continually aspire to be the safest utility. In the coming year, we plan to prioritize delivering on our Safety Improvement Plan initiatives, integrating mental health and psychological safety into our strategy, piloting modern AI-driven technology in our fleet, and enhancing data-driven decision-making.

Hydro One is pursuing a bold program to use remotely piloted aircraft system services (drones) to support our operations and conduct field assessments. We anticipate expanding this program to conduct aerial surveys and condition assessments in helicopter no-fly zones. Drone technology also has the future potential to conduct preventative maintenance work, climbing inspections and conventional line stringing activities.

4 Refer to page 22 for more information.

Cyber security

Cyber security at Hydro One is foundational due to our role as an integral part of Ontario's critical infrastructure. Cyber security threats are a significant risk for all organizations regardless of industry or geography. Cyber security risks have the potential to impact our operations and could disrupt our ability to deliver safe, clean and reliable power to customers.

Maintaining the safety and security of our workforce, assets and reputation is fundamental. We have developed a robust security program that incorporates modern cyber capabilities predicated on industry best practices and designs. We fine tune them to deliver maximum protection for our valued customers and continuity of operations. Our focus on continuous improvement includes plans that enhance data loss prevention and safeguard sensitive information against potential breaches and cyber threats.

Human factors play a critical role in cyber security, which is why educating and empowering our employees to recognize and respond to threats is a priority. One of our key strengths is our employee awareness and training program. Through regular phishing exercises and awareness campaigns, we continue to foster a security-conscious culture across all levels of the company.

In 2023, we proactively integrated security measures such as video surveillance and intrusion detection systems into the design of Hydro One buildings and infrastructure. By incorporating these features from the ground up, we can ensure our physical assets are protected against unauthorized access and potential threats. This enhances our cyber security posture and reinforces Hydro One's commitment to safeguarding our operations and assets in Ontario.

Our commitment to privacy

Hydro One is committed to protecting the privacy of all individuals, including its customers. It is a standard by which we conduct business every day. As the largest electricity distribution company in Ontario, the collection, use and disclosure of our customers' personal information is part of our day-to-day business operations. We strive to provide our customers with the best customer service and do so in compliance with our privacy obligations under the federal *Personal Information Protection and Electronic Documents Act*. In our **Privacy Code**, we inform customers of our practices and procedures related to the collection, use and disclosure of their personal information.

Looking to the future

Hydro One is committed to staying ahead of emerging cyber threats and trends. Our cyber security program is dynamic and continuously evolving to address new challenges. We are strengthening our privileged access management to further defend against threats by enhancing access controls (role-based access control to critical systems and multifactor authentication) and monitoring mechanisms.

By leveraging the latest tools, protocols and best practices, including implementing strong access control measures and phishing simulation exercises, Hydro One expects to remain at the forefront of cyber security excellence. We continue to provide our customers, partners and communities with assurances that their data and assets are safe.

System reliability

Customers across Ontario rely on our system. Because of this, a reliable electricity system is foundational to sustainability at Hydro One. Reliability is more than just keeping the lights on; it is about supporting economic growth across the province. The electricity system keeps hospitals, industries and businesses working, and EVs charged. It is the backbone of our vibrant and evolving economy.

To attract new business, create jobs, connect new customers and help communities grow, Hydro One invested approximately $2.5 billion capital to expand and renew the electricity grid, modernize existing infrastructure and improve reliability in 2023. We understand that the needs of our customers are varied, and their changing preferences means we need to remain agile in our response. This is why we invest in new technologies such as battery energy storage solutions (BESS), which provide a backup option to the grid supply, so that we continue to meet customer needs while providing safe, reliable and affordable energy.

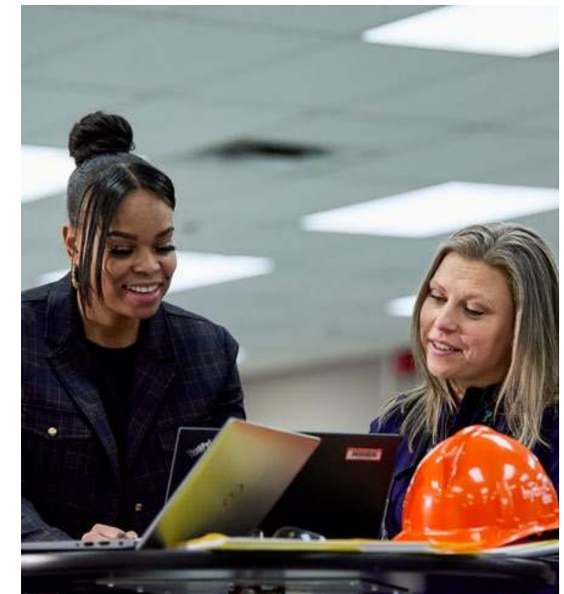
2023 performance

Transmission reliability: Hydro One's transmission system allows us to send bulk amounts of electricity from hydroelectric, wind, solar, nuclear and natural gas generators over long distances to Local Distribution Companies (LDCs). These companies, in turn, provide power to Ontario homes and businesses. In 2023, we have seen a marked improvement in the reliability of our transmission system (see **Table 3.3**).

This improvement in reliability is due in part to a reduction in the number of human-caused or inadvertent interruptions. The Stations Services team who oversees 1,397 substations[5] and our Post Event Investigation teams have applied learnings from incident investigations to make these improvements. We also created the Wildlife Abatement workgroup to focus full-time on mitigating animal impacts on reliability in our substations, which are a significant cause of outages.

Investment in our grid: Across Ontario, Hydro One continues to invest in transmission infrastructure so that the grid can efficiently power Ontario's communities and economy. These investments involve replacing and/or refurbishing system assets to extend their original service life, thereby maintaining the system's ability to meet current and future electricity demands. Regional updates are underway province-wide to enhance the reliability of the electricity system. Here are a few representative projects:

- We have invested in upgrading the Rabbit Lake transmission station (TS) SF, replacing critical protections and relocating existing station service systems. These enhancements aim to improve system operation, streamline outage planning and foster better customer relations with the LDC. This investment is expected to reduce the number of unplanned and non-weather-related interruptions and improves the reliability of the bulk electric system in northwestern Ontario.
- As part of Hydro One's comprehensive station upgrade strategy, we have updated air-blast circuit breakers and completed other upgrades to the Beck #2 TS SF to reduce the frequency of required outages and provide maximum benefits to our customers at the most efficient cost. This upgrade will result in lower maintenance costs and improved reliability to major customers, including Ontario Power Generation's hydro-electric generation stations, customer load in the Hamilton-Niagara Region, and interconnections with New York State.
- A new investment SF was completed to replace end-of-life equipment and increase transmission capacity to support customer load growth in the Barrie/Innisfil area. This project is addressing aging infrastructure, reducing system losses and providing additional transmission capacity for future load growth.
- We are investing in a new double-circuit line in the transmission corridor between Richview TS and Manby TS to increase the amount of power that can be transferred between the two stations. This corridor is the main supply path for the western sector of the central Toronto sub-region and supplies the load to the southern Mississauga and Oakville regions from Manby TS.



Sustainability corner

Reliability data (Table 3.3)

5 As of May 28, 2024.

SF Sustainable Bond Proceeds project

System reliability

Vegetation defects safely treated (distribution)

590,000+

Hectares of vegetation controlled (transmission)

15,000+

Impact of forestry on reliability: Hydro One's grid transects Ontario's diverse network of rural and urban forests. We have a dedicated in-house Forestry Services team to manage and mitigate the impact of trees and vegetation on service delivery. The team adopts a robust industry-leading Integrated Vegetation Management strategy, and applies Integrated Pest Management principles to manage vegetation, identify hazards and develop site-specific treatment plans to maintain safe clearances.

Our Forestry Services team has advanced its vegetation management approach by launching a pilot program called Forestry Outliers. This initiative targets distribution customers experiencing a higher frequency of tree-caused interruptions despite regular inspection and maintenance. In this program, field staff leverage their expertise and troubleshooting experience to identify potential tree-related reliability hazards. Initial analysis shows improved reliability for customers in the pilot program, prompting our plan to further invest in its success.

Distribution reliability: Energy transition, population growth and economic development are all expected to contribute to a significant demand increase on Ontario's electricity system now and into the future. With change comes opportunity, and Hydro One continues to invest responsibly in our core distribution business. We have improved the efficiency and effectiveness of our storm response. We have reduced the duration of individual customer outages when there are storm-related power outages. We are leveraging the power of technology – smart switch installations, communicating sensors and BESS – to better serve customer needs and respond faster to power outages.

Storm response

Due to increased storm activity in 2023, there was a corresponding increase in customer interruption hours. We are continuing to improve our storm response and restoration services, including collaborating with other utilities to restore power faster to affected areas and supporting the use of technology. We increased our usage of outage prediction tools to be better prepared, in advance, to respond to power outages. Over the years, our storm response performance has led us to win a total of 14 Edison Electric Institute awards.

To further support residential customers affected by longer outages, we continued to invest in behind-the-meter BESS:

- BESS improves reliability for residential customers who experience lengthier power outage durations (greater than 50 hours annually) where traditional wire solutions are not suitable. When grid outages occur, BESS automatically and seamlessly transfers the customer from grid-supply to battery-supply. When grid power returns, the BESS transfers the customer back to grid-supply.
- We piloted a BESS for residential customers who typically experience longer power outages in rural or remote locations in the distribution system. We installed these battery energy storage units in the homes of each residential customer in the pilot program. The units contained the necessary electrical and communication infrastructure to safely store energy drawn from the grid during normal system conditions, for use during power outages.

Looking to the future

Hydro One is working to improve reliability across our transmission and distribution segments. One of the ways we hope to succeed in this is by building more intelligence into the grid to improve reliability performance. We intend to continue using proactive vegetation management techniques and enhancing our storm response. To improve distribution reliability, we expect to invest in additional non-wire alternatives and install BESS into the homes of residential customers who experience longer outages in rural or remote areas of our distribution system.

Climate change mitigation

In 2021, Hydro One renewed its emphasis and commitment to a more sustainable Ontario. We did this by announcing our plans to achieve net-zero GHG emissions by 2050, with a target to achieve a 30% reduction in emissions by 2030. Hydro One is currently reviewing its 30% by 2030 target after assessing its Scope 1 and Scope 2 emissions over the past three years, in light of increases in Scope 2 emissions. Hydro One is a transmission and distribution company, with generation limited to serving remote communities in the north.

Ontario has one of the lowest carbon-emitting electricity grids in North America,[6] primarily powered by carbon-free sources.[7] We recognize that in addition to mitigating our direct GHG emissions, we can play a significant role in the reduction of emissions from our customers and Ontarians by enabling the transition toward a low-carbon economy.

2023 performance

Mitigation: Hydro One transmits and distributes electricity that is 87%[8] carbon-emission-free[9], with our GHG emissions estimated to comprise just 0.20% of Ontario's total.[10]

What are Scope 1 and 2 emissions?

Scope 1 – direct emissions from assets and operations owned or controlled by Hydro One such as emissions from combustion of fleet fuel in vehicles owned or controlled by Hydro One.

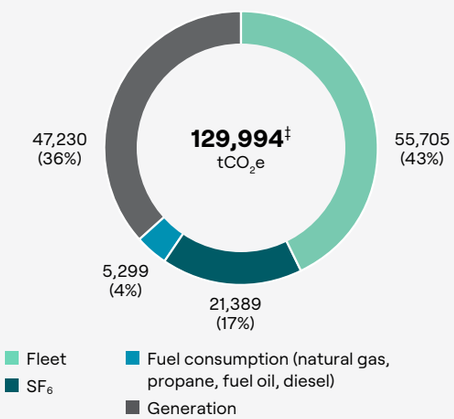
Scope 2 – indirect emissions from assets and operations owned or controlled by Hydro One such as emissions associated with purchased electricity for use in facilities owned or controlled by Hydro One. Scope 2 emissions also include emissions due to electricity lost in transmission and distribution (line losses). Line losses are not directly controlled by Hydro One and are subject to the composition of energy generated and dispatched through the Ontario grid for consumption.

Sustainability corner

Environmental Policy

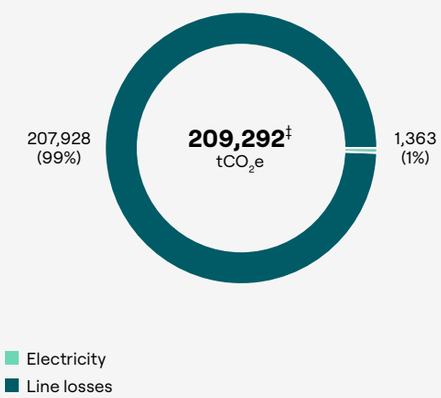
Climate change data (Table 1.2)

Scope 1 emissions



Refrigerants and CF_4 are not represented on the graph as they are less than 1% of Scope 1 emissions, at 360 tCO_2e and 11 tCO_2e, respectively. 2023 was the first year our Scope 1 emissions included CF_4 releases. CF_4 is a relatively new gas being used in our transmission and distribution system.

Scope 2 emissions



6 Powering Ontario's Growth.

7 The carbon-free sources include nuclear (53%), hydroelectric power (25%) and other renewable sources of wind, solar and biofuel (more than 8%). For more information, see IESO's 2023 Year in Review.

8 IESO's Pathways to Decarbonization Report.

9 The average Ontario system grid emissions five-year average is 30.0 gCO_2e/kWh, well below the 100 gCO_2e/kWH threshold in the Clean Energy category. Source of data: Canada's National Inventory Report, 1990-2022, Part 3, Annex 13, Table A13-7: Electricity Generation and GHG Emissions Details for Ontario.

10 All data is from the ECCC's National Inventory Report 1990-2022: Greenhouse Gas Sources and Sinks in Canada, Part 3. Hydro One's emissions are those that directly relate to the electricity sector.

Climate change mitigation

Our total reported GHG emissions in 2023 were approximately 340,000 metric tonnes of carbon dioxide equivalents (tCO_2e), with direct (Scope 1) and indirect (Scope 2) emissions accounting for approximately 130,000 tCO_2e and 210,000 tCO_2e, respectively. We are pleased to report that we reduced Scope 1 emissions by approximately 24% compared to our baseline year of 2018. The decrease is a result of our actions to reduce Sulphur Hexafluoride (SF_6) emissions in our operations, electrify our fleet, connect off-grid remote communities to the grid instead of relying on diesel, and emphasize energy efficiency in our facilities. Here are more details on these key initiatives:

- **SF_6 reduction:** SF_6 is a synthetic, odourless gas that is used in the electricity industry to insulate high-voltage circuit-breakers and gas-insulated switch gear that keep networks running safely and reliably. Our work in reducing equipment leakages tied to SF_6, has been the largest source of GHG mitigation at Hydro One since 2018. The reduction is due to improved repair timelines, gas handling procedures, maintenance and safety briefings, as well as piloting equipment with lower SF_6 volumes and mixed gases (see example below). We individually monitor each piece of equipment to help ensure it meets our improved monitoring standards.

SF_6 pilot

In 2023, we installed CO7's VOX circuit breaker at Manby TS as one initiative to reduce SF_6 usage. This was the first of its kind for Hydro One, with the new circuit breaker requiring only a fraction of the SF_6 required in a traditional breaker.

A circuit breaker is pictured at Manby TS

- **Electrifying our fleet:** In 2023, we converted 34% of our sedans and SUVs to EVs or hybrids and installed EV infrastructure at our operation centres. We launched a pilot where select employees adopted a battery EV as their work vehicle, allowing us to compare its performance to traditional vehicles in our fleet. We intend to develop a comprehensive playbook to guide future acquisition and deployment of EVs and hybrids, further mitigating our emissions and moving us toward achieving our goal of converting 50% of our fleet of sedans and SUVs into EVs or hybrids by 2025 and 100% by 2030.

  GHG mitigation initiatives have also been supported through our anti vehicle-idling policy. This policy has been implemented across all lines of Hydro One's business, focusing on discouraging idling. Our operators are key to the success of this directive, and we provide ongoing coaching, education and awareness to promote change.

- **Connecting remote communities to the grid:** Hydro One Remotes is dedicated to reducing diesel electricity generation within remote Indigenous communities by facilitating the connection of remote communities to the provincial electricity grid.[11]

- **Facility management:** Our Corporate Real Estate team operates the Remote Command Centre program (RCC), which is designed to optimize performance and reduce energy consumption, GHG emissions and operating costs within RCC connected buildings. By the end of 2023, we had connected a total of 24 buildings. Modern solutions include the use of sensors, controllers, fault detection and real-time monitoring of HVAC and electrical systems, all of which have resulted in a 14% reduction in energy consumption in RCC connected buildings.

In 2023, we reported a 26% increase in our indirect (Scope 2) emissions compared to the 2018 baseline year. The increase is attributed to the increase in line losses which constitutes 99% of our Scope 2 emissions. It is important to note that line losses, which is energy lost when we transmit and distribute electricity to customers, are primarily beyond Hydro One's control. In 2023, the increase in emissions due to line losses was a result of the increase in electricity demand and the changing generation mix. With the demand for electrification increasing across Ontario and the generation mix to include natural gas in the coming years, we expect this trend to continue for the next few years.

Hydro One plans to continue to assess our emissions targets and work on reducing emissions that are directly under our control, while understanding the influence we have in support of the electrification of the province and broader decarbonization.

11 Refer to page 33 of this report for more information on this initiative.

Sustainable Bond Proceeds project

Looking to the future

We are proud to be part of an Ontario and international movement to reduce emissions and address climate change. We have developed partnerships with vendors and leading electric industry research groups to find SF_6-free solutions. In 2024, we expect to pilot non-SF_6 equipment for lower voltages. Another effort to mitigate GHG emissions is the GHG accounting tool, first piloted in 2023. This tool, used in the planning stage of a project, is designed to help Hydro One estimate the potential GHG emissions of future capital projects. This data is anticipated to assist our planning teams to better understand the potential climate change impacts of new projects and assist with the development of new innovations to reduce emissions from the outset. We strive to mitigate the direct emissions under our control through our ongoing initiatives, including connecting more remote Indigenous communities to the grid.

Environmental management

As a utility operating in Ontario, a strong foundation in environmental management is essential. We have a responsibility to work with our community and environmental partners to conserve and protect wildlife, and their natural habitats in and near our operations. We need careful environmental stewardship to succeed in our plans to build infrastructure and deliver safe, clean and reliable power to customers across Ontario.

We comply with a broad range of environmental compliance obligations that encompass federal, provincial and municipal legal requirements; commitments to our communities and customers; industry best practice and investor expectations; and Hydro One's own policies.

We maintain an environmental management system (EMS), aligned with ISO 14001 standards, to integrate environmental protection into our business practices using the Plan – Do – Check – Act approach to meet our compliance obligations and for continuous improvement. Our adaptive EMS is designed to provide a governance framework to meet the evolving needs of our business, examine all environmental aspects of our organization, reduce environmental risk and improve controls to mitigate the environmental impacts of our activities.

12 Environmental planning includes EAs, environmental permits and approvals, environmental studies, construction support, remediation, and monitoring.

13 EPPs document measures to mitigate identified environmental impacts of projects and may include measures to protect or minimize impacts to natural habitats, water courses, built heritage assets and archaeological features and may consider contaminated materials such as soil, groundwater or building materials in execution of the project.

2023 performance

A critical factor in advancing our capital projects is conducting environmental planning[12] and implementing environmental protection plans (EPPs)[13] to mitigate potential environmental impacts. We conducted environmental planning[12] for 450 capital projects and programs, and prepared over 200 EPPs.

Financial investment in environmental protection

$45M+

Sustainability corner

Environmental Policy

Environmental management data (Table 1.3)

Environmental management

Conserving Ontario's biodiversity: Hydro One is committed to conserving Ontario's biodiversity, including by working closely with our community and environmental parterns such as the Canadian Wildlife Federation to identify critical habitats and species that need to be protected. Our partners range from organizations who work to protect nature to regional parks and conservation authorities. We finalized a corporate clean equipment protocol to help prevent the spread of invasive species on and away from Hydro One infrastructure and land.

We are also guided by Indigenous communities and are making significant environmental commitments to help mitigate the potential impacts of new infrastructure and protect cultural sustainability. As an example, we contracted a northern First Nation business to undertake berry bush enhancement work for one of our projects to integrate biodiverse solutions to enhance the natural habitat.

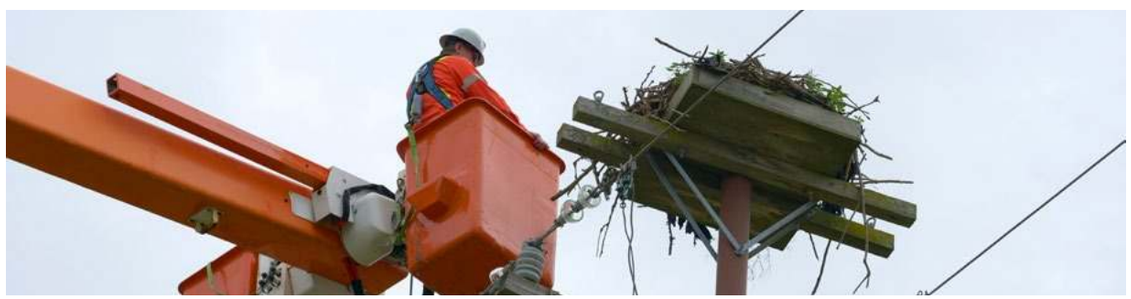
Some of our initiatives included:

- **Native planting:** We assessed the benefits and value of using native and pollinator planting strategies by monitoring their viability, studying the value of limiting the growth of undesirable vegetation near infrastructure, and reviewing maintenance requirements.
- **Osprey nesting structures:** Ospreys build their nesting structures on high points that are adjacent to large waterbodies. To discourage nesting on active structures, Hydro One in collaboration with several partners, have installed nesting platforms at suitable locations in Ontario. In 2023, in partnership with Fitzroy Provincial Park, we created new Osprey nesting sites and enhanced existing sites within the park and successfully diverted nesting sites away from Hydro One distribution poles that could cause damage and outages.
- **Wetland creation:** We completed the second and final phase of Hydro One's award winning Kleinburg Training Centre wetland creation project . A group of Hydro One volunteers, in partnership with Toronto and Region Conservation Authority, enhanced approximately 0.75 hectares of wetland with riparian vegetation planting.

Resource management: We have well-established programs, such as our liquid and non-hazardous waste management programs, to recycle metal and oil from the disposal of oil-filled electrical equipment. In 2023, we continued to make progress in phasing out polychlorinated biphenyls (PCB)-containing electrical equipment by December 31, 2025, as required by law. At the same time, we continued to improve the efficiency of testing and removing PCB-containing equipment.

Contaminated land management: Our plans for the management of contaminated land include spill response and land assessment and remediation programs. In 2023, we:

- Implemented a new geo-environmental process during the planning stages of capital projects, which has reduced the transportation needed to dispose of excess soil; and
- Enhanced our collaboration across lines of businesses to reduce spills and recommended strengthening our existing spill prevention measures for implementation over the next few years.



Looking to the future

To help preserve biodiversity and enhance the sustainability of Hydro One corridor maintenance for generations to come, we plan to:

- Invest in native seed programs.
- Create a pollinator habitat as part of the Barrie Area Transmission Update project.
- Execute planned biodiversity initiatives on major line projects (Chatham to Lakeshore and the Waasigan Transmission Line) with our First Nation partners.

Sustainable Bond Proceeds project

Talent management

Hydro One's highly skilled and engaged workforce is foundational to ensuring a successful energy transition. We have a robust succession planning framework that provides a leadership pipeline to drive and support our long-term business and corporate strategy.

Employee feedback received through our annual myExperience employee survey is vital to our workforce management framework and offers a snapshot of employee engagement to drive improvements. Beyond skills and purpose, we support the safety and holistic health and wellness of all employees through our comprehensive health plans.

2023 performance

Leaders of tomorrow: Hydro One is taking proactive steps to attract, retain and develop the right people with the necessary skills, at the right time to lead us through the energy transition. We have developed the Leader of Tomorrow Competency Framework, a custom leadership program that defines the specific leadership skills and behaviours needed for the future of Hydro One. Through rotations, expanded mandates, strategic initiatives and committee involvement, we provide unique experiences to help people advance their careers at Hydro One, so that we have strong succession plans for key business and leadership roles.

Employee experience survey: Listening to employees helps us create a workplace culture built on safety and trust, which is key to developing a sense of belonging for employees. From the thousands of comments received, we determined that our employees are comfortable sharing a wide range of open and transparent feedback.

Our results show that employees feel heard, valued, have a sense of belonging and are proud to work for Hydro One. The focus we have applied to developing our "middle managers" through various initiatives, including the People Leader Development program, has resulted in increases in the Growth and Development and Manager effectiveness indices. Our employees have also indicated we are on the right track when it comes to investing in the tools, resources and equipment they need to perform their jobs effectively. We take great pride in transforming traditional training models by using immersive digital experiences, such as the VR training, we have pioneered for our customer care and field service teams. Finally, our Inclusion and Psychological Safety scores improved year over year, with this improvement being driven by the Step-Up program and our continued focus on mental health and wellness.

As positive as these trends are, we have work to do to maintain this progress. We intend to continue to engage our employees and deepen their sense of belonging at Hydro One.

Sustainability corner

Talent management data (Table 3.4)

Talent management

Preparing managers for the future: Hydro One has developed several initiatives to help managers grow as leaders, including:

- Our signature People Leader Development program provides practical knowledge and tools for our mid-level field managers on effective team performance, safety leadership and inclusion. This program will enable participants to develop the skills necessary to effectively handle the many challenges of their leadership role.
- Our established 'Bringing Talent to the Board' initiative provides our senior leaders with much-needed exposure to our Board of Directors at both its regularly scheduled and its informal meetings, further enabling our leaders to grow and succeed.

Step-Up program: Hydro One is committed to improving inclusion and psychological safety, and our Step-Up program plays a vital role. This mandatory one-day training initiative creates space to:

- Foster a culture of inclusion and respect;
- Promote psychological safety;
- Increase awareness about what is, and what is not, appropriate workplace behaviour; and
- Empower and inspire employees to act, or "step up" and address disrespectful, as well as non-inclusive behaviour when they see it.

Boosting mental health and wellness: We enhanced our support for the overall well-being of employees by offering focused information sessions and targeted enhancements to our suite of programs, which is another way of supporting our commitment to inclusion and psychological safety. For example, in 2023, we launched our first Mental Health Marathon to support employees and their families and hosted a Men's Mental Health Day to combat the stigma of seeking help.

Championing mental health - breaking the silence: We responded to the field's need for more mental health support by introducing the Mental Health Champion initiative. This initiative focuses on sharing real stories from Hydro One employees to help destigmatize mental health, raise awareness and support those who may be struggling silently.

Looking to the future

We plan to keep listening to our employees and taking action to create outstanding employee experiences and a thriving workplace culture. Always forward-thinking, we will prioritize opportunities for employee growth, wellness and success with Hydro One. Our immediate priorities are to:

- Roll out the Step-Up program to employees in operations.
- Expand the Leader of Tomorrow Competency framework beyond our Executive Leadership Team.
- Initiate the refreshed Onboarding Program for apprentices and corporate employee groups.
- Drive increased participation and improve results in our annual myExperience employee engagement survey.

Every year, around 4,500 Canadians die by suicide, equivalent to 12 people per day. The stigma surrounding suicide often hinders individuals from seeking help. Two courageous Hydro One employees – **Dwayne Brear** and **Jocelyne Francoeur** – shared their personal stories, contributing to the collective effort to break the silence around mental health.

Governance

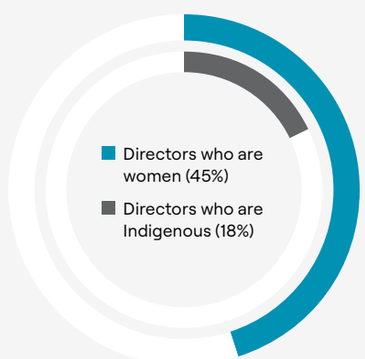
Strong governance and oversight drive sustainability and are a key foundation to continuously improve performance at Hydro One. We ensure success by monitoring key sustainability policies and environmental, social and governance (ESG) disclosures and measures.

Our structure: Hydro One has adopted Board and management oversight over sustainability to ensure accountability at all levels of the company.

Board oversight: Hydro One's Board, through its four standing committees – the Audit Committee, Indigenous Peoples, Safety & Operations (IPSO) Committee, Governance and Regulatory Committee (GRC) and Human Resources Committee (HRC) – oversees sustainability. The Board reviews and approves the company's sustainability priorities, its program and its annual sustainability report.

With sustainability-related topics evolving rapidly, the Board remains up to date by receiving regular briefings – including presentations and education sessions – on energy transition and electrification, cyber security risks, climate change and net-zero, electric vehicles, talent management, customer affairs and Indigenous relations.[14] A highlight in 2023 was the two-day cultural awareness sessions organized by Hydro One for its leadership team in collaboration with the nine First Nation partners on the Waasigan Transmission Line Project. The sessions involved cultural and history training, community visits, tours and storytelling by several community Elders, members and elected leaders. The sessions, held during our Annual General Meeting in Thunder Bay, Ontario, were some of the first in Canada to be hosted in First Nation communities.

The Board has a diversity policy to formalize Hydro One's commitment to diversity and its desire to maintain a board comprised of a talented and dedicated group of directors. This policy ensures that the board's skills, experiences, knowledge and backgrounds reflect the diverse business environment we operate in, including an appropriate number of directors who are women.



There are no Directors on the Board who identify as Black, People of Colour, Individuals with a Disability or 2SLGBTQIA+

Sustainability corner

- Code of Business Conduct
- Ombudsman Report
- Management Information Circular
- IPSO Committee
- Whistleblower Policy
- HRC
- GRC
- Audit Committee
- Governance data (Table 4.1)

14 For the complete list of sessions and attendees, refer to page 46 of the MIC.

Governance

Management oversight: The Executive Vice President (EVP) Strategy, Energy Transition and Human Resources oversees Hydro One's sustainability approach, program and strategy at the executive level. The EVP Strategy, Energy Transition and Human Resources is supported by the executive leadership team with accountability in key sustainability-related areas. Due to the cross-functional nature of sustainability, a Vice President (VP)-level Sustainability Committee, chaired by the VP Sustainability, provides the executive leadership team with strategic advice and perspectives on current, emerging and key sustainability issues and priorities. This committee also provides directional oversight for all other sustainability-related committees at the company.

Risk management: Hydro One understands the importance of effective Enterprise Risk Management (ERM) and has a mature ERM program that:

- Aligns with the strategic priorities and objectives outlined in our Corporate Strategy; and
- Provides stakeholder visibility into our risk environment and key risk management activities.

The Board retains responsibility for the oversight of sustainability risks within the corporate risk profile, delegating components of those risks to standing committees in alignment with their mandates. Updates on Hydro One's most critical risks are included in the quarterly ERM report provided to the Board.

Aligning standards and performance: Underscoring the importance of sustainability, Hydro One directly links a variety of sustainability measures to compensation outcomes through our short-term incentive plan. We will continue to review the sustainability measures linked to our compensation plans as we further develop our sustainability program. For more information, please review our **2024 Management Information Circular**.

Ethical business conduct: Hydro One is guided by our **Code of Business Conduct** and supporting policies, which uphold our vision, mission and values. Our employees complete an annual refresher training on the Code of Business Conduct, which includes information on our anti-fraud and anti-corruption policies.

Ombudsman: For our customers, the Office of the Hydro One Ombudsman, which reports directly to the Board, provides a confidential, impartial and independent review of complaints. For additional details, please see the **Ombudsman website**.

Engagement

Hydro One's approach to public policy is aligned with our corporate strategy and focuses on delivering value for our customers and people across Ontario. We are proud of the role we play in enabling economic growth through investments, supporting local employment and supporting rapidly growing domestic industries.

In 2023, our leadership team met with the Electrification and Energy Transition Panel. This panel, established in 2022 by the Government of Ontario, was formed to provide advice on preparing the Ontario economy for electrification. Our team provided feedback on how to best strengthen the long-term energy planning process and highlighted our role as an enabler of the energy transition. This panel released its report in 2023 and made recommendations that were supportive of the modernization of the distribution grid and encouraged an initiative-taking approach in the path forward for greater electrification.

We also engaged with the OEB on processes to encourage EV adoption. We provided recommendations on standardizing non-residential EV charging connection processes and supporting the efficient integration of EVs in Ontario. Our engagement with the OEB has resulted in a simplified and customer-centric DER connection process that has facilitated DER adoption and utilization of the distribution system.

What are Distributed Energy Resources?

A DER is a resource connected directly to the distribution system, or indirectly behind a customer's meter, that generates energy, stores energy, or controls load. DERs include EVs and their charging equipment, heat pumps, small scale solar and wind generators, and energy storage systems.

Looking to the future

Consistent with the Ministry of Energy's direction to the OEB, we are collaborating with the OEB, IESO and LDCs to further regulatory policy development and coordination. This aims to promote the more effective participation of DERs, maximize the value of the distribution sector and encourage innovative business models. We look forward to collaborating with partners including governments, Indigenous communities, customers, industry peers and partners in the electricity and gas sectors as we integrate planning and move toward a cleaner energy future.

Purpose that inspires us to deliver exceptional service through partnerships

Customers give us a purpose and are at the heart of everything that Hydro One does. To fulfill the increased demand for safe, reliable, affordable and clean energy from customers – residential, commercial and industrial – we partnered with First Nations through the Equity Partnership Model to build critical infrastructure through our capital work program. We continue to invest in and strengthen our grid through sustainable finance instruments (SFI). We are also taking care to ensure that the benefits of our infrastructure developments are shared with our partners in the communities where we operate.

Purpose

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Sustainable finance 30
Indigenous relations 31
Hydro One Remotes 33
Energizing communities 35

Customer focus

We feel real purpose in our aim to provide our customers with an easy and enriching experience. This means delivering outstanding and personalized customer service that earns trust and gives customers choices. We provide our customer centre staff with the right training and tools to have meaningful customer interactions.

By listening to customer feedback and using advanced analytics, Hydro One is continuously improving our understanding of what customers want as we build loyalty. We invite customers to join us in exploring new technologies and to better understand their energy choices as we strive to meet their needs today and for the future.

2023 performance

In 2023, our customer satisfaction score among residential and small business customers remained strong at 87%, demonstrating that customers remain satisfied with the services we provide them. Advanced analytics solutions help us examine the many interactions we have with customers through calls, emails and web chats. These insights improve staff training, allow us to create the next generation of customer care experiences and help reduce repeat calls.

To deliver outstanding customer experiences, we make sure that our customer centre staff feel fulfilled and engaged in their work and have access to the right training. Customers will drive the energy transition and they will need the right information to do so. We provide staff with knowledge and training on the value of the energy transition by strengthening our business fundamentals training. In 2023, staff participated in advanced approaches to adult learning such as VR training and test driving EVs, all as part of our plan to provide education using fun and innovative approaches.

Award-winning training innovations: Our Customer Care team received the Chartwell Bronze Customer Service Award for its VR training plan. Using VR headsets, our contact centre and field staff can virtually experience work sites, administration centres and customer properties in 360°. This training is part of our Level UP program, aimed at enhancing coaching and support for operational teams, and boosting morale and productivity.

The electric vehicle roadshow – Ready, Set, DRIVE! Many in Ontario are curious about EVs and their role in the energy transition. In our Contact Centre, we introduced EV training and support guides for our customer service representatives. In August 2023, Hydro One employees got to test drive EVs thanks to Plug'n Drive, a non-profit organization dedicated to boosting EV adoption to maximize their environmental and economic advantages.

Affordability

To ensure a fair and affordable energy transition, we assist customers who may be sensitive to cost increases by maximizing the payment options and support measures available to them. We collaborated with our peers and the OEB to deliver multiple affordability programs, including:

- The **Ultra-low Overnight Price Plan** supports electrification and decarbonization by incentivizing customers to shift electricity loads to overnight periods where demand is lower and more electricity from non-emitting sources is available.
- The **Low-income Energy Assistance Program (LEAP)** offers emergency financial assistance and support to eligible low-income customers throughout Ontario.
- **Sustainable Payments** is a plan to offer sustainable payment options for our most vulnerable customers. As part of this plan, we began discussions in First Nation communities to collaborate and help customers access necessary support.

Looking to the future

We are passionate about delivering customer-centric solutions that improve lives and communities. We intend to listen, be responsive and adapt our services to meet new and emerging customer needs and expectations. As we continue to support Ontario's energy transition, we are committed to striving for a consistent level of service across all customer touchpoints, whether by phone, online or in-person. Some of our priorities are to:

- Reduce the number of customers in arrears and lower their outstanding balances through collection efforts.
- Address opportunities to improve customer insights and sentiments.
- Implement regulatory changes and updates to the LEAP program.

Sustainability corner

Customer commitments
Customer data (Table 3.6)

Our purpose: enabling the energy transition

Energy demand forecasts in Ontario continue to rise due to the accelerated adoption of EVs, the increase in new building construction driven by population growth and housing demand, and the growth in the mining, battery manufacturing and agricultural sectors. The demand for critical energy exists across the province, with growing industrial demands in southwestern Ontario, and the need for energy to flow from north to south and to connect First Nation communities and industries in the remote northern region of Ontario. The demand for critical energy across the province, particularly the need for enabling low-emission alternatives needed to enable the energy transition, is a significant opportunity for Hydro One to build a brighter future for all.

2023 performance

Hydro One is making significant transmission investments in the grid, actively managing 150+ projects and programs. The following initiatives are a few examples of how we are strengthening the grid to power Ontario's economy:

- Connecting a steel production company to the electricity grid, enabling the conversion of its coal and coke burning furnaces into new electric arc furnaces.
- Building a new transformer station that will serve a new battery materials facility in Ontario. Through this project, Hydro One will connect a major transmission customer who is bringing significant economic benefits to Eastern Ontario. The project bolsters our reputation as an efficient enabling factor in regional economic development.
- Supplying electrical power to a facility that will manufacture batteries for EVs in Windsor. The Hydro One connection is essential to commencing operations. This plant will bring economic benefits to the region and encourage EV adoption.
- Supplying electricity to a large BESS in the Nanticoke area, which is expected to pave the way for future decarbonization projects.

We use an integrated approach to engage with large customers through the project life cycle. We now have a dedicated team to engage with customers and guide them through the connection process. Our tailored customer-centric processes are one more example of how we invest every day in the success of our customers.

Partnering to enable the energy transition

Integrating sustainability into Hydro One: electrifying Ontario through strategic projects and partnerships

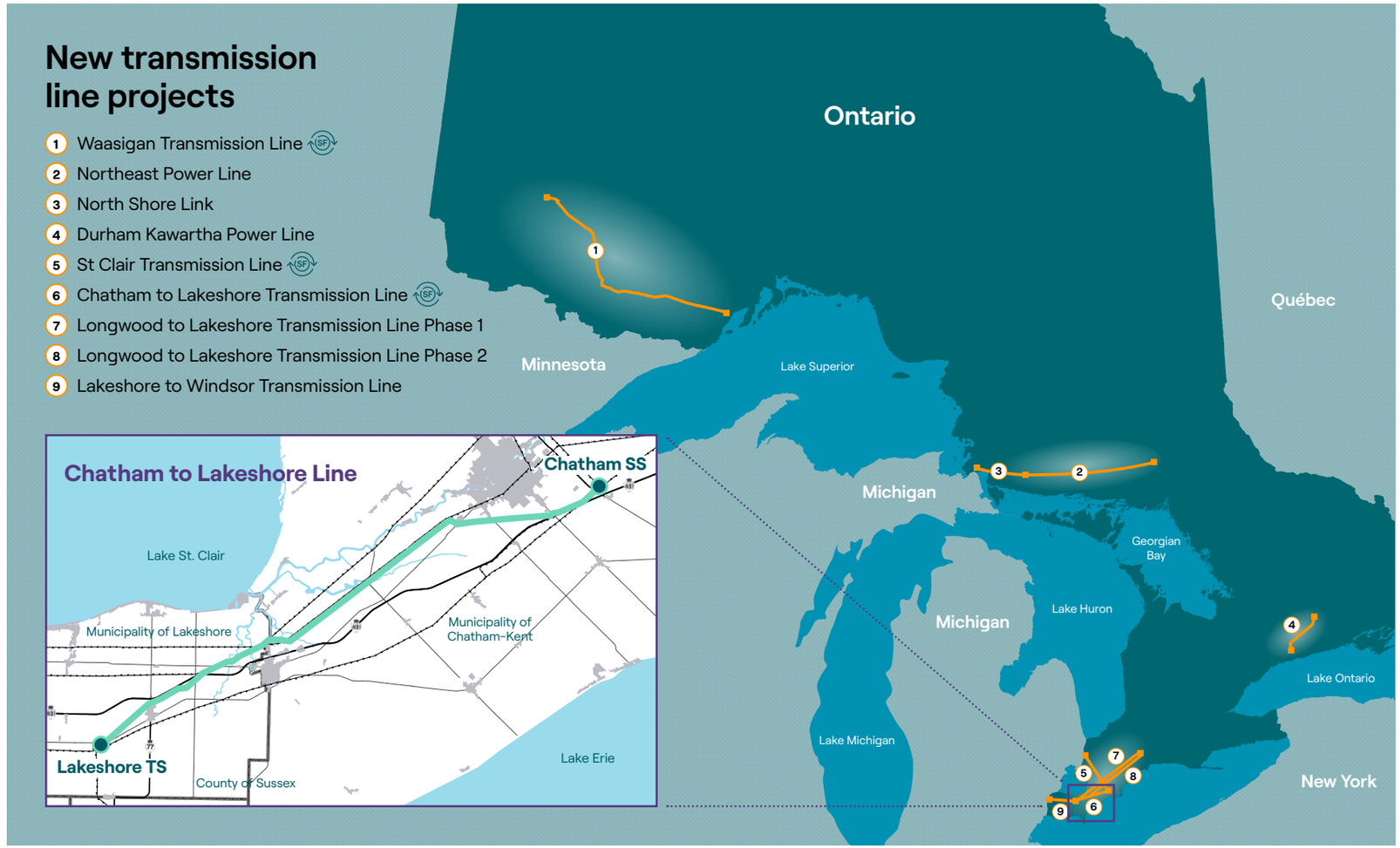
To enhance the value of the grid and deliver sustainable growth that meets the needs of customers across Ontario today and into the future, we are advancing work on a network of new major capital infrastructure projects.

We continually strive to integrate sustainability into our work and projects. With the Chatham to Lakeshore project, led by Sonny Karunakaran, VP Strategic Projects and Partnerships, we are demonstrating this principle in practice.

Chatham to Lakeshore Transmission Line ("Chatham to Lakeshore") is a 49-kilometre, double-circuit 230-kilovolt line between the Chatham Switching Station in the Municipality of Chatham-Kent and the new Lakeshore Transformer Station in the Municipality of Lakeshore. This $238 million investment[15] is expected to increase the reliability and resiliency of the entire electricity network in the Windsor-Essex region, adding approximately 400 megawatts of clean energy to the region. The project is a priority to support economic growth in agri-foods, clean energy supply chain and manufacturing. The investments we are making will create new opportunities for businesses to expand, for communities to grow and for residents to be connected to what matters most in their everyday lives.

Benefits

- Safety
- Resiliency
- Reliability
- Decarbonization
- Training, employment and procurement
- Community investments
- Support for local food supply and security
- Regional supply chain growth
- Partnerships with First Nations
- Economic development



15 Cost updated in 2024.

Sustainable Bond Proceeds project

Partnering to enable the energy transition

Our purpose in action: the Chatham to Lakeshore project is scheduled to be completed **a year ahead of schedule and under budget**.

We talked to Sonny Karunakaran, VP Strategic Projects and Partnerships about this exceptional achievement.

"Hydro One is enabling the massive shift in how clean energy is distributed throughout the province, aligned closely with the IESO's ***Pathways to Decarbonization report****. We are proud to be at the forefront of modernizing Ontario's electricity system – the backbone for the energy transition – and provide Ontarians with electricity sources to reduce fossil fuel reliance and help decarbonize the grid."* – Sonny Karunakaran

Q: Chatham to Lakeshore is projected to be completed a full year ahead of schedule and under budget. How?

A: Chatham to Lakeshore exemplifies Hydro One's philosophy and strategy when it comes to building capital projects. Teamwork is central to our strategy and leads to sustainable delivery. For major new transmission line projects, we have adopted a regional portfolio approach that involves working locally with a diverse team, such as First Nation partners, local landowners, municipalities, the public, business councils, our engineering, procurement and construction (EPC) contractors, and labour unions to understand regional energy needs and work toward the common goal of electrification.

Working collaboratively across this diverse team and reflecting the feedback received in our execution plans delivers these great results.

Q: You speak of a regional approach, of bringing stakeholders together. What exactly does that mean?

A: We realized early on that the scale of our build required an innovative and collaborative approach. We needed to ensure that all parties were aligned on the goals of the project before we put shovels into the ground. For example, construction on Chatham to Lakeshore began in spring 2023, but our engagement and outreach started as far back as 2020. That is when we began reaching out to Indigenous communities, local landowners, municipalities and business councils. Our conversations focused on the region's growing economic opportunities including planned expansions in the greenhouse sector, enhancing local food security and plans to manufacture EV components in the Windsor region for domestic and export markets. These conversations allowed us to reach voluntary agreements with all landowners and receive support from First Nation partners and the various municipalities associated with the project.

Q: To meet our ambitious building program, we need a skilled workforce. With the Ontario government's electrification goals, so does everyone else. What did we do differently in this project to ensure we have the right workforce?

A: We looked at our approach with two key stakeholders – EPCs and unions.

To obtain a competitive edge and attract a quality and skilled workforce, we decided to expand the pool of potential EPCs. We did this by inviting high quality contractors to expand their operations in Ontario. We looked for quality in project management experience and construction management experience, a demonstrated understanding that the way we deliver matters, with the ability to work across multiple jurisdictions. To the best of our ability, we tried to minimize any administrative burdens and added training and capacity development into our contracts. EPCs were interested in working for us because we gave them full visibility into our potential future work programs. We did this because we are thinking long-term and we want EPCs to be able to plan for their future in Ontario, while we are looking at the overall value proposition.

Now with unions, we consider trade unions as essential partners and we began by having transparent conversations about our long-term needs and discussing the best ways to address any training/skill deficiencies. By being transparent, we were able to give unions a line of sight into our workforce needs and allow them to understand the workers and tradespeople that we needed. Together, we are enabling the upskilling of a workforce that can not only work for Hydro One, but on other projects in Canada.

The unions, the EPCs, Hydro One, none of us can electrify Ontario alone, teamwork is key.

Q: How did we work with Indigenous communities on this project?

A: By working cooperatively with all parties, Hydro One and its EPC contractor selected a transmission route that balanced Indigenous values, socio-economic, environmental, technical and cost interests. We successfully negotiated equity partnership agreements with proximate First Nations who can now invest 50% equity into the project, providing them with a rate-regulated financial return for generations to come.

For major projects, we have embedded Indigenous spending commitment requirements in some of our key EPC contracts. Our EPC contractor developed strategic partnerships and deployed training programs to build capacity in local Indigenous communities. By collaborating with Indigenous communities, Chatham to Lakeshore achieved an Indigenous procurement and contracting spend in excess of 40% of the EPC contract value by the end of March 2024. This is a sustainable way of building transmission projects to support the energy transition – with Indigenous partners.

Q: This was a great conversation, Sonny. Are there any lessons learned for future projects?

A: I look at Chatham to Lakeshore as the template for future projects. We are only going to get better because of the practices we have adopted and the lessons we have learned. We recently completed the EA for the upcoming St. Clair transmission line project in less time than it took for the Chatham to Lakeshore EA. This is a direct result of the outreach we did, the groundwork we laid in engaging with Indigenous communities, municipalities and the public at large. This means increased productivity and innovative solutions. We can keep leveraging these practices moving forward, which makes Hydro One sustainable not just on one level, but as a company. This is a win for everyone involved, including the rate payers across Ontario. And a reminder that we must keep affordability of clean energy investments top of mind as the energy transition advances.

Sustainable finance

Purpose-driven change: In January 2023, Hydro One became the first utility in Canada to publish a Sustainable Financing Framework (Framework). After introducing our sustainability goals in 2021, we amended our syndicated lines of credit to include a pricing adjustment that can increase or decrease our cost of funding based on our performance on certain sustainability commitments.

We are proud to encourage investments that further a more equitable and sustainable future and to play a key role in fostering a sustainable finance market in Canada. Our Framework received a second-party opinion (SPO) from Morningstar Sustainalytics (Sustainalytics) and was well received by the investor community. In 2024, Hydro One updated the Framework to reflect best practices in sustainable finance.[16]

The Framework allows Hydro One and its subsidiaries (including Hydro One Inc.) to issue sustainable financing instruments, such as sustainable and green bonds, and allocate the net proceeds to investments in eligible green and social project categories.[17] These can include clean energy; clean transportation; energy efficiency; biodiversity conservation; climate change adaptation; socio-economic advancement of Indigenous peoples; as well as access to essential services.

Through the issuance of SFI, Hydro One is actively financing projects that contribute to the achievement of the UN SDGs. Our investments are helping to create, sustain and maintain access to low-carbon electricity.[18]

Sustainability corner

Sustainable Financing Framework

SPO

Sustainable finance data (Table 2)

2023 performance

In 2023, Hydro One Inc. issued $2,375 million in SFIs (including sustainable and green bonds). The proceeds from our bond issuances have been used to improve reliability, increase resiliency and further our sustainability commitments. For example, Hydro One financed the purchase of goods and services from 49 Indigenous businesses with a portion of these proceeds. Additional examples of selected projects financed in part or in whole by sustainable bonds are discussed throughout this report and are denoted by a SFI symbol, as well as footnoted below.[19,20] In the section below, as an example, we showcase two projects financed in part or in whole by sustainable bonds under the Clean Energy category.

Energy savings and increasing resiliency: We are funding the upgrading of circuits SFI between the Hawthorne TS and Merivale TS. These circuits are a vital connection point for Hydro One and supply electricity to the Ottawa region. Our investment is expected to reduce line losses, improve grid reliability and provide transmission capacity for customer load growth. The anticipated benefits from this project are illustrated in **Table 2.4**.

Enabling economic growth in Kingsville-Leamington region: We are building new transmission stations SFI to help meet customer load connections due to the rapid growth in the Kingsville-Leamington region. This growth is driven by the expansion of the greenhouse sector and the increased use of grow lights. The project emphasizes our commitment to increasing supply capacity in the Kingsville-Leamington region and to help meet its agricultural or food production needs. It also reinforces the broader bulk and regional transmission system in the Windsor-Essex region.

16 The updated Framework reflects the latest Green Bond/Loan Principles, the most up-to-date taxonomy from Sustainalytics, in addition to other minor revisions.

17 Ontario has one of the lowest carbon emitting electricity grids in North America, with 87% of electricity generated coming from non-emitting sources. The average Ontario system grid emissions five-year average is 30.0 gCO_2e/kWh, well below the 100 gCO_2e/kWH threshold in the Clean Energy category. [Source: Canada's National Inventory Report, 1990–2022, Part 3, Annex 13, Table A13-7: Electricity Generation and GHG Emissions Details for Ontario. Five-year average from 2018-22]

18 **Sustainalytics Corporate Impact Report**.

19 Refer to pages **15**, **18**, **20**, **28** and **32** for additional projects that are SFI.

20 The selected projects discussed throughout this report, denoted by SFI, were financed in whole or in part with the net proceeds of SFIs issued by Hydro One between September 2023 and January 2024. The corresponding **Allocation Report** was verified by a third party and addresses the allocation of SFI proceeds. Hydro One intends to allocate the net proceeds of future sustainable and green bond issuances to eligible projects as described in Hydro One's Framework.

Indigenous relations

Partnership is our purpose in Indigenous Relations: Hydro One is committed to sustainable energy practices as a partner to Indigenous communities in Ontario given their unique relationship with the lands and ecosystems of the province. We pursue new pathways to learn from the environmental practices of Indigenous communities while concurrently increasing economic participation by Indigenous partners toward a net-zero future.

Building partnerships and advancing meaningful reconciliation efforts takes time, consistency and delivering on commitments. By listening and working directly with communities to understand their social well-being, infrastructure and business priorities, we are better incorporating the needs of Indigenous communities into our regional energy planning framework.

2023 performance

Hydro One marked a significant milestone on our journey of reconciliation in 2022, with our industry-leading Equity Partnership Model, through which proximate First Nation communities can invest in 50% of the equity in new, large-scale capital transmission line projects with a project value exceeding $100 million. This model was instrumental in Hydro One advancing to Gold-level certification by CCAB PAR.

Introducing the Equity Partnership Model is not enough. Historically, Indigenous communities have faced steep barriers when accessing capital to invest in opportunities. We understand this reality and as a partner, we are working to identify solutions for Indigenous communities to have access to low-cost capital needed for their share of the equity investment. We proactively engage with government entities supporting Indigenous equity investments, Canadian national and regional banks, and institutional investors with mandates open to providing equity financing to First Nations.

Progress on Waasigan Transmission Line ("Waasigan"): Hydro One signed agreements with nine First Nations on the Waasigan project last year. We provided capacity funding, through which communities hired local engagement coordinators and a dedicated First Nation project manager to work with our project management team. We submitted a comprehensive EA with support from all nine First Nation partners. Following approval of an amended terms of reference, the final EA took close to two years to complete and involved conducting field surveys at more than 1,200 sites, with guidance and site participation from Indigenous communities. The final EA included almost 800 consolidated commitments which underwent review and input from Indigenous communities.

As part of our broader commitments to advance energy-related issues with partner communities, our Indigenous Relations team increased its use of engagement and commitment tracking tools that are vital to monitor and track progress as we resolve issues. We successfully addressed issues for two communities that are part of the Waasigan project by advancing the following community energy projects:

- Expansion of a three-phase conversion power to the community of Wabigoon Lake Ojibway Nation to power new subdivisions, a water treatment plant and new First Nation businesses in the community.
- Investment in a BESS for Gakijiwanong Anishinaabe Nation, (formerly Lac La Croix First Nation) flowing from a discussion between the Nation's Elders and elected leaderships of Gakijiwanong Anishinaabe Nation and Hydro One.

Sustainability corner

Indigenous Relations Policy
Supplier Code of Conduct
Indigenous procurement data (Table 3.8)

Indigenous relations

Our purpose includes supporting our Indigenous workforce: Indigenous employees accounted for 3.2% of our workforce and 2.5% of our executives. We are prioritizing Indigenous workforce participation on major transmission projects such as the Chatham to Lakeshore transmission line project (see page 28 for more details). We recognize the need for further action in this area and are actively addressing it.

- We hired leadership roles for Lifecycle Engagement, Strategy and Customer programs, and Partnerships and Business Development so we have dedicated points of contact for Indigenous communities and businesses, and for the strategic projects and partnerships teams.
- We launched a new Indigenous Cultural Awareness training course for all employees in collaboration with our ERG, the Indigenous Network Circle. Other important initiatives we held include all-employee workshops on National Indigenous Peoples Day and National Day for Truth and Reconciliation.
- We are proud to have created a **Legacy Space** at our office in Toronto, in partnership with the Gord Downie & Chanie Wenjack Fund. Legacy Spaces are safe, welcoming places where conversations and education about the true history of Canada and our collective journey toward reconciliation are encouraged and supported.

Business partners (and retired NHL players) John Chabot (L) and Shawn Rivers put their on-ice discipline into their company Anish Branding that supplies apparel to Hydro One.

"It started small with individuals at Hydro One just reaching out and testing the waters with us and I'm so grateful that they did. It's given us amazing exposure and feels like an endless opportunity. What it comes down to is that when we do a good job with Hydro One, people can see that we have a lasting relationship with this organization. It gives them confidence to move forward with us. And that's the longevity, that is what businesses strive for and work hard for." - Shawn Rivers, Anish Branding

Nbisiing Power ("Nbisiing") was our inaugural supplier included in the Retain & Grow program as a Strategic Partner in 2022. Hydro One welcomed the opportunity to learn from Nbisiing as an emerging leader in its field. The program enhanced Nbisiing's ability to navigate a large and complex organization and gain support and buy-in from various departments within Hydro One for its growth plan. The program has allowed Nbisiing to develop more efficient processes to meet its corporate goals and has led to broader business development and growth discussions. As a result, the program has aligned the values of Nbisiing and Hydro One, and we believe Nbisiing has the potential to become one of Hydro One's strategic partners.

Indigenous procurement: Our procurement model is precedent-setting, helping us establish a new record for Hydro One for purchases with Indigenous businesses for materials and services at **over $142 million**, which is approximately **5.7%** of our total sourceable spend in 2023. We exceeded our target for 2023 and remain on track to achieve our goal of 5% of total sourceable spend by 2026. Given Hydro One's history of meeting/surpassing this goal, this target is under review.

Developing Indigenous suppliers: We strongly believe that in addition to procuring from Indigenous businesses, we have a responsibility to support the growth of these vendors and set them up for supplier success at Hydro One and beyond.

In 2023, we hosted our first ever **EPC Safety Summit**, inviting all our contractors, including Indigenous contractors, to participate in conversations on collaboration and safety principles. We anticipate hosting this summit annually and issuing an annual summer newsletter.

We continued to support our **Retain & Grow** program to improve Indigenous procurement and turn high-performing Indigenous suppliers into leading Hydro One suppliers. These partnerships give us access to the incredible talent pool from Indigenous businesses to meet our material and service needs.

Looking to the future

As the Waasigan project moves toward execution, Indigenous communities plan to review and inform the project EPP, implement an Indigenous-led monitoring program and maintain the ability for communities to harvest plants and medicines prior to construction activities.

Hydro One is one of the first utilities to apply additional methodologies to its appraisal terms of reference to address the unique nature and characteristics of traditional lands. In the coming year, we expect to continue working with the federal government to provide additional information on our approach to valuing reserve lands.

Hydro One is proud to have set a goal of increasing Indigenous procurement spend to 5% of our purchases of materials and services by 2026. In 2023, for the second year in a row, we exceeded this goal. Given our history of meeting/surpassing this goal, we are reviewing this target. We intend to continue to seek new ways to support Indigenous businesses.

Sustainable Bond Proceeds project

Hydro One Remotes

A leading electrical utility to remote isolated communities in Ontario's North whose purpose is delivering safe, reliable power with a focus on customers.

We are a key player in Ontario's energy transition, generating and distributing electricity to communities located in remote and isolated parts of Ontario's North. Hydro One Remotes proudly serves customers in 10 grid-connected and 14 off-grid communities, including 19 Indigenous communities.

At Hydro One Remotes, we pride ourselves on delivering safe, reliable and affordable power, while providing excellence in customer service to the communities we serve.

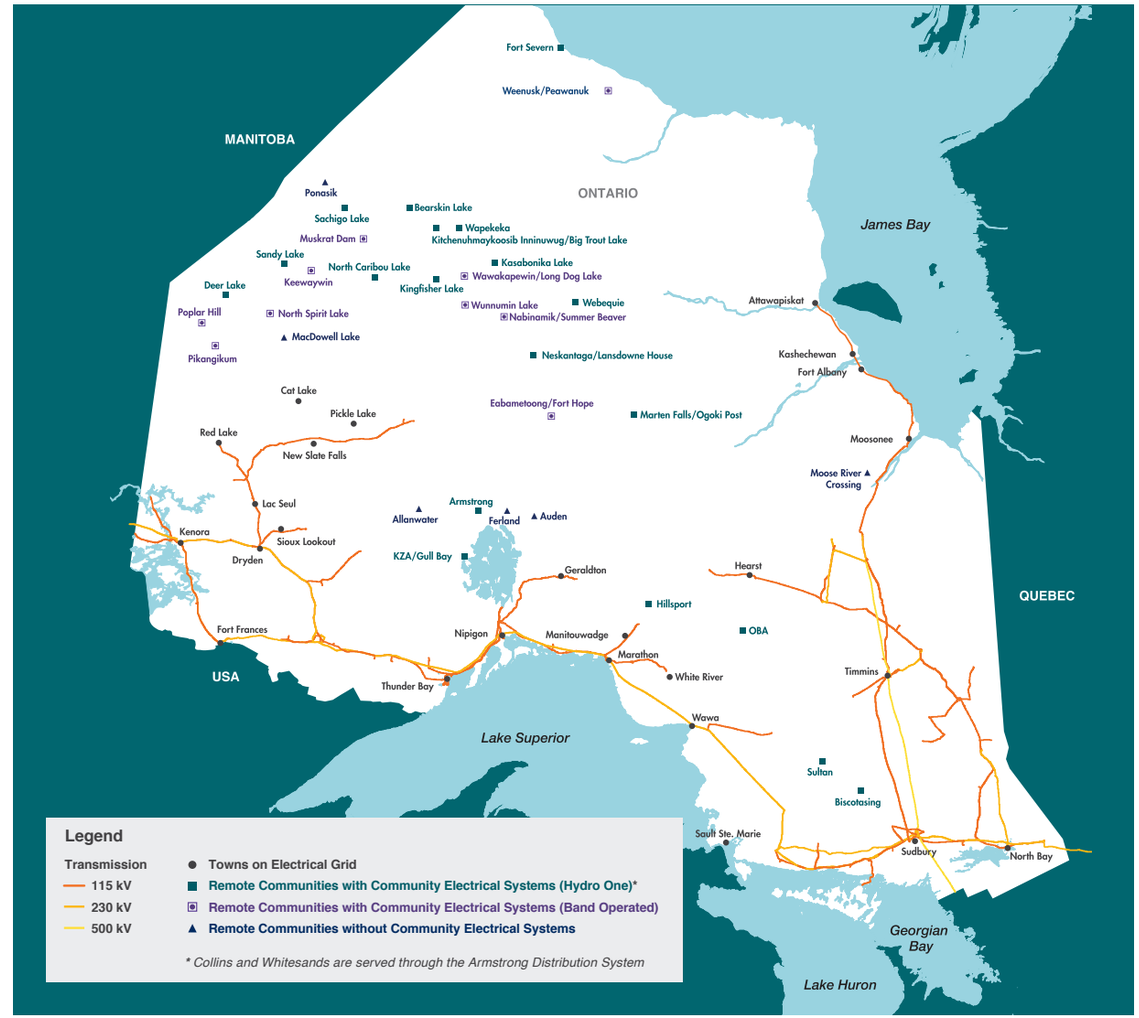
2023 performance

Connecting remote communities to the grid: Remote communities have been traditionally reliant on diesel fuel for electricity generation. Hydro One Remotes is working in co-operation with the Wataynikaneyap Transmission Project to help enable provincial grid connection, which in turn helps customers reduce their GHG emissions from diesel fuel use. By the end of 2023, Hydro One Remotes had connected 10 communities to the provincial grid, eliminating their primary use of diesel fuel and reducing the associated GHG emissions.

Beyond the positive environmental impacts, connecting to the provincial grid provides remote customers with a stable source of electricity to meet their increasing energy needs for housing, technology and other local infrastructure upgrades.

Protecting the land and water: 2023 marked our 21st year of being registered with the world-class environmental standard ISO 14001. This standard provides a trusted framework for environmental protection and enhancing environmental performance by promoting the efficient use of resources, reduction of waste and minimizing the overall environmental impact from our operations in the north.

Remote communities in northern Ontario are hundreds of kilometres from the nearest major centre and are typically only accessible by air year-round or via winter roads when weather conditions permit. This remoteness can mean limited availability of basic services such as healthcare, education, housing, along with the high cost of transportation and food. Yet in remote communities, there is a different sense of community and a unique connection to land and culture that is incredibly special.



Hydro One Remotes

Supporting local economies and Indigenous business: Hydro One Remotes supports local Indigenous economies and businesses whenever possible, both in and out of the communities we serve. In 2023, this support accounted for a $29.5 million spend with Indigenous businesses.

Delivering customer satisfaction and service: Hydro One Remotes maintains very high levels of customer satisfaction. In 2023, 95% of Hydro One Remotes customers were satisfied or very satisfied with their electric services, with historical results exceeding 90% since 2009. We spoke to Gail Murray at Hydro One Remotes to find out why.

Q&A – Gail Murray, Community Relations and Customer Program Coordinator

Q: How does Hydro One Remotes act as a trusted partner in the north?

A: The key to being a trusted partner is simple, it's listening. When we speak with First Nation leadership or customers, it's important to give the right space for people to voice their concerns, let them explain what they need and how they'd prefer those needs to be addressed.

Another key aspect of partnership is positive and frequent interaction. Our staff really gets to know the communities and customers around the north. Multiple departments are talking to community members and band office staff every week. It could be engineers consulting leadership about an upgrade project, Customer Service working on new connections contracts, billing staff arranging payments or processing move forms, or me talking to Chiefs and councils and community members. We have a lot of contact with people in the communities we serve up north, and this familiarity and care, over time, grows close relationships and trust.

We have an eight-member **Customer Advisory Board**, made up of regular, non-elected, customers that we consult through email and meet in person once a year. We have found this is a great way to gain feedback about how we're doing from the customer perspective. It helps guide our communications strategy and materials development and identifies service gaps and new opportunities.

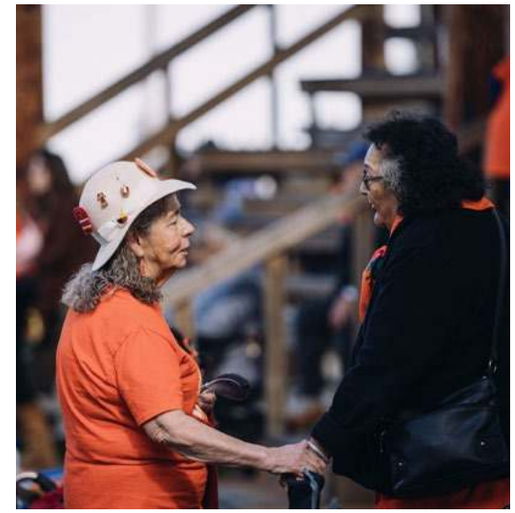
Q. Tell us about your role and what your daily work entails at Hydro One Remotes?

A: As the Community Relations & Customer Program Coordinator, my role is to engage with First Nations to best serve the needs of customers in northern communities. It is very enjoyable and challenging with a lot of variety. An average day could involve collaborating with community leadership, providing program support to customers, or developing information materials so that communications are culturally relevant and user-friendly.

Q: When you reflect on the past year, what is a customer service success you're most proud of and why?

A: Through customer surveys, conversations with Chiefs and councils, the Customer Advisory Board and general conversations with remote customers, we identified the need for bilingual Indigenous language services. Last year, we hired an Oji-Cree speaking staff member for our billing team on a trial basis – it is so wonderful to hear her speak her own language to our customers in the north!

Another initiative that I'm proud of is our annual bilingual (English & Oji-cree) Artist Calendar. We purchase local Indigenous artwork, paintings and other creative works and, with the artists' permission, we feature the art and artist in this popular calendar that we distribute to all the communities we serve. It is a wonderful, real demonstration that we value the culture of the north, and it makes a great practical "gift" for communities and customers – one that keeps our contact phone numbers, emails and important dates at their fingertips.



Looking to the future

As the First Nations-led Wataynikaneyap Transmission Powerline Project continues to expand in the north, Hydro One Remotes expects to provide grid-connected power to additional remote First Nation communities in 2024. At Hydro One Remotes, we are proud to serve the north and continue our vision to be the leading electrical utility and a trusted partner to remote communities in Ontario's North.

Energizing communities

Hydro One is passionate about supporting and energizing local communities by hiring and sourcing as much of our goods and services from local/provincial sources. It gives us purpose to connect communities in different ways. We empower communities across Ontario through our community investment and charitable initiatives to strengthen local capacity and socio-economic infrastructure.

Goods and services purchased in Canada
$2,300M+

Community Support Agreements
$3.2M

Goods and services purchased in Ontario
$1,885M

People, on average, employed directly by Hydro One
9,700

Donations
$3.6M

Enabling economic growth through rural broadband: In collaboration with the Government of Ontario and internet service providers (ISPs), we continue to expand broadband-enabling infrastructure into rural communities to increase their access to work, education, healthcare and other critical services. When rural communities are connected, they can attract significant and lasting investments that will boost the local and provincial economy.

In response to the government's plan to connect 700,000 premises by 2025, Hydro One created a dedicated Broadband program team. In 2023, this team advanced procurement of required materials, updated our technical requirements and developed a fixed cost-sharing model. Since much of this new broadband infrastructure is expected to be built on reserve land, we worked with our internal Indigenous Relations and Real Estate teams to develop a new engagement process guide for ISPs and qualified service providers to use when broadband is built on reserve land. Together with our partners, we are ensuring through our broadband program that communities will share in the benefits of Hydro One's capital commitments.

Sustainability corner

Supplier Code of Conduct
Procurement data (Table 3.8)
Community Investment Policy
Community investment data (Table 3.9)

Energizing communities

Sharing infrastructure benefits with community partners: As we electrify communities across Ontario and enable the energy transition, our engagement approach built on principles that support mutually beneficial relationships is essential to our success. In southwest Ontario where we are investing in five critical transmission lines, we are proud to have partnered with two host communities – the Municipality of Chatham-Kent and the Municipality of Lakeshore – in providing new local investments as a result of signed Community Support Agreements.

These efforts will support new and growing industries and help attract future jobs to the region. They will provide many mutual benefits including improved resiliency and reliability, economic growth and investments, and boost local food security and supply.

Community investment: Hydro One's corporate community investment initiatives have had a positive impact in Ontario by supporting Indigenous communities and addressing pressing local needs through our Energizing Life Community Fund grant program, multi-year partnerships, and our successful Power to Give employee donation and volunteerism program. In 2023, 22% of our corporate donations and sponsorships went to Indigenous-led organizations and local Indigenous communities.

Power to Give: Hydro One's employee-led giving program, allowing employees to make a difference in their communities by connecting with their colleagues and donating to charities of their choice.

Power to Give

$2.5M
raised

150+
fundraising events

1,000+
organizations supported

7,800+
volunteer hours

Hydro One's Energizing Life Community Fund: This fund supports community-led initiatives with $25,000 grants to organizations that promote physical, emotional and psychological safety and well-being for Ontarians. In 2023, recipients included:

GATEWAY
Centre of Excellence in Rural Health

Live Love Louder

Finding new ways forward

Hydro One plans to be there for Ontario in the long term. We know that a secure future is built with an eye to future challenges and opportunities. Building climate resiliency and adapting the grid and our business to a changing climate is part of that commitment. We know climate change is real and will impact the way we work. We must find new and sustainable ways, including exploring innovative partnerships, to deliver safe and reliable power to our customers for the long-term. We have already begun. We are adapting our operations and working to embed sustainability into all aspects of the business – whether it is in adapting to the changing climate, making sure we have the workforce with the skills needed for the energy transition or pioneering sustainable procurement and operational technologies – for a better and brighter future for all.

Future-proof

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Adapting to climate change

A changing climate is here today and presents new challenges for Hydro One and our customers. Demand for reliable electricity is growing. We are committed to building climate resiliency into our infrastructure, so that we can continue to serve customers efficiently and affordably today and in the decades to come.

With a view to the future, we are adjusting equipment designs to accommodate higher temperatures, investing in advancements to improve grid resilience and supporting ongoing innovation through industry research, outreach and technology integration.

In 2023, we undertook several initiatives in our adaptation to climate change. Some of the highlights include:

- We advanced our work toward a comprehensive climate change adaptation plan. Initiated in 2022, and with support from external experts, we focused on understanding our physical risks from a changing climate and developed strategies to mitigate identified risks. The work which is ongoing, includes climate science and exposure analysis and a two-phase risk assessment.
- Hydro One complies with applicable codes and standards in the design, planning, operation and maintenance of the transmission and distribution system in Ontario. We monitored updates to these same codes, standards and regulations, enabling us to leverage the best available information in the industry.
- Hydro One, with support from Fire Risk Alliance, has developed the BESS Fire Protection Risk & Response Assessment Standard to safeguard Ontario's critical transmission infrastructure from fire. We continue to support the consistent and safe integration of BESS facilities in Ontario because BESS is one of the fastest developing technologies to support provincial growth in electrification.
- Hydro One's assets are geographically dispersed throughout Ontario and are exposed to wildfire risks. In 2023, while Ontario experienced an active forest fire season compared to the past decade, none of the fires had a material impact on our assets. Hydro One has established an emergency response framework, calling upon operational leaders from across the business to act if in danger from wildfires.

Proactive measures to protect employees and our business from wildfire risks

Employees: Preparedness planning is our most important tool in keeping employees and assets safe from wildfire risk. We completed a rigorous preparedness planning exercise documenting the policies and procedures to prevent and manage wildfires within our service territory. We have trained operations employees on wildfire response and information sharing. We monitor air quality and provide our employees with PPE and/or modify operations according to air quality indices.

Assets: To protect our assets and mitigate wildfire risks, we manage vegetation around our facilities and infrastructure, including poles, and clear vegetation on our right-of-ways. We also regularly address the risk of forest fires to our system by maintaining safe distances between electricity lines and tree limbs or brush. If forest fires pose an imminent threat to any of our critical infrastructure, we can take additional actions in the related areas, such as installing sprinkler systems at key stations, wrapping critical poles in fire retardant mesh, creating fire breaks, and clearing any additional nearby trees or brush. In addition, we have integrated the Ministry of Natural Resources and Forestry's online forest fire mapping tool into our internal system, allowing us to track the status of forest fires and their distance to our assets. Fires within 10km of our service territory are assessed by our field and system employees who assign it a risk rating and monitor and action next steps. We have improved communication protocols and training standards in conjunction with enhancing situational awareness of wildfire threats.

Looking to the future

In 2024, we plan to finalize our adaptation plan, which includes analysis that is expected to lead to the identification of climate adaptation strategic objectives with various actions to mitigate risks and build our adaptive capacity. We intend to launch a fire danger ratings dashboard to monitor Hydro One operation centres for wildfire risks. By monitoring this data, we expect to build on our ability to make timely operational decisions to prevent wildfire and take the necessary decisions if there is wildfire activity close to our assets.

Preparing for the future: the energy transition

Customer choice

Our close relationship with customers provides us with deep, direct insight into the importance and potential of electricity to power everyday life. It is the driver for Hydro One to deliver products and services that provide new value for customers, who are looking to lower their carbon footprint, reduce their costs and adopt new technologies. To help our customers achieve their energy transition goals, we are enhancing the grid to deliver sustainable growth, and investing in a range of initiatives so that we have access to a skilled workforce, and the necessary goods and services.

2023 performance

Grid modernization: The energy transition is expected to result in a significant demand increase on Ontario's electricity system. Hydro One will continue to improve reliability by investing in ongoing grid modernization, such as the deployment of remotely operable devices and communicating fault circuit indicators.

In 2023, we continued to build more intelligence into the grid to facilitate future flexibility, choice and cost savings for Hydro One and our customers. Technology underlying the next generation of meters and associated infrastructure – foundational components of an optimized distribution network – will offer new and advanced capabilities, including Distributed Intelligence. To derive maximum benefits for Hydro One and our customers, we are creating a Distributed Intelligence Lab to test the functionality, value and usability of the next generation of advanced metering infrastructure and to drive future innovation.

Demand response programs: We launched a voluntary demand response program – ***my*Energy Rewards** – allowing residential customers to enrol their devices, such as smart thermostats, EVs and EV chargers, and receive financial incentives for participating in demand response events. Initial results show that each participating household can decrease its electricity demand by nearly one kilowatt during times of high demand. With approximately 15,000 households enrolled, that is the equivalent of a 13-megawatt virtual power plant that can be used as a flexible resource to help address distribution system needs.

Helping customers benefit from energy innovations: Hydro One was honoured to receive the Smart Energy Innovation Award for employing Bidgely's (technology that uses) AI-driven data analytics to better understand the impact of EVs on the grid. The Smart Energy Consumer Collaborative's Best Practices Awards recognize leadership from electricity providers in the transition toward a smarter, more consumer-focused energy ecosystem.

Customer Testimonials on *my*Energy Rewards

"It didn't really affect my regular life routine, and I was given the options to change back the temperature if needed. I'm happy to participate and save energy."

"It helped us feel like we were making a difference in saving energy."

"The adjustment was small, I had good notice about the event, I felt that I was doing my part to reduce electricity demand in the province."

Looking to the future

In 2024, Hydro One is planning to expand the EV forecasting model to capture province-wide EV uptake, and to estimate potential load impacts on transmission and distribution networks. At the same time, these insights are anticipated to inform DER opportunities to mitigate grid impacts. In parallel, we intend to continue to develop non-wires alternatives as additional ways to minimize costs and the environmental impacts of the energy transition. In addition, *my*Energy Rewards intends to continue scaling to increase the beneficial impact of demand response in Hydro One's service area.

Preparing for the energy transition

Diversity, equity and inclusion (DEI)

Hydro One has a highly skilled and engaged workforce. As competition for high-demand employees increases and with several major projects on the horizon and a mandate to electrify Ontario, Hydro One is applying modern recruitment and retention practices, and collaborating with partners to attract and retain a skilled and diverse workforce.

Diversity, equity and inclusion are not just buzzwords at Hydro One – they are central to our workforce planning strategy. We are committed to providing positive and inclusive working environments, free from discrimination, where people are valued for the skills and experiences they bring to the job.

At all levels of the company, we walk the talk…

- Our **DEI Council** comprises senior and executive leaders to drive and lead meaningful change in established systems, processes and practices.
- Hydro One **President and CEO**, David Lebeter, joined Catalyst's CEO Champions For Change, personally standing to support diversity, inclusion and gender equity.
- At the operational level, **our DEI Committee**, consisting of members from our three major unions and management, collaborates to promote diversity and inclusion throughout workplaces.
- Our **ERGs** reflect the diverse communities and cultures celebrated throughout Hydro One, connecting teammates across physical offices and organizational groups. Based on either a demographic, life stage, function or other identity, they foster a diverse and inclusive work environment.
- Every Hydro One employee is invited to participate in **DEI activities** such as the annual symposium on Power in Pride and anti-Black racism education sessions throughout the year.

Sustainability corner

DEI Commitment Statement

DEI data (Table 3.10)

2023 performance

In 2022, Hydro One completed a systemic barriers and bias review of our talent management life cycle, including processes and practices related to recruitment, development, promotion and retention. By taking an intersectional look at diversity dimensions in 2023 and paying particular attention to Indigenous employees, we reviewed obstacles in our talent management and Indigenous employment programs, leading to an enhanced DEI Strategic Roadmap and Action Plan. This plan aims to remove barriers for underrepresented employees and track company progress over the next two years.

Hydro One has been a signatory to the ***BlackNorth Initiative Pledge*** to end systemic black racism since 2020. This demonstrates our corporate commitment to achieving 3.5% Black executives including increased Black membership at the Board level by 2025. We continue to work toward these goals, and in 2023 recruited 6% Black students[21] into Hydro One's workforce.

Building a diverse talent pipeline: Hydro One is proactively nurturing the next generation of talent through targeted outreach to recent graduates, making new connections and promoting attractive careers. In 2023, we revitalized our New Grad program to hire new and recent graduates to join the Hydro One talent pool, launched a new apprentice hiring initiative and became a founding partner of Electricity Canada's Youth Electricity program. With these initiatives we are aiming to ensure that not only Hydro One, but the electricity sector as a whole, has a robust, well skilled and competitive workforce to enable the energy transition.

Diversifying our apprenticeship hiring

We launched a new Diversifying Apprenticeship Hiring Initiative (DAHI), which aims to attract, select and support our future workforce by establishing Hydro One as the employer of choice for Apprentices. Collaborating with a cross-functional team, DAHI promotes diversity and equal opportunity through targeted recruitment outreach, standardizing intake processes and providing on-the-job mentorship and training resources.

The goal of DAHI is to create a talent pipeline that meets Hydro One's workforce needs and boosts diversity among visible minorities, new Canadians, Indigenous Peoples and women. We also hope to build new interest in trades careers, strategic partnerships with stakeholders and fill the talent pipeline with diverse applicants.

21 Hydro One hired a total of 53 students between June 22, 2023 and December 31, 2023. Within the total student hires, there were three Black students. Data prior to June 22, 2023, could not be captured because of an upgrade to the HR reporting system.

Introducing the Electricity Canada Youth Electricity Program: Hydro One is a founding partner of **Electricity Now™**, a national initiative offering a standardized national electricity and climate change curriculum for grade 9/10 students. By 2050, Canada's electricity sector will need to hire thousands of employees. There is currently no national bilingual high school program bridging the gap between the sector and education, further emphasizing the need for this program. After a successful 2023 pilot, full program development is underway to begin in September 2024.

Here's why **Electricity Now** matters:

- Offers hands-on experience, showing why Canada is transitioning toward "electrifying everything" as part of its climate change strategy;
- Helps youth imagine themselves pursuing careers in the electricity sector; and
- Bridges the education gap by combining current curriculum with industry training.

Collaborating with partners to bolster a diverse workforce

- Hydro One collaborated with the Black Professionals in Tech Network to pilot Cultivate+, a mentorship program connecting executives and senior leaders with high-performing Black employees. Senior leaders were paired with Black employees for nine months to help them develop career growth strategies and expanded networks within Hydro One.
- We renewed the Women in Engineering University Partnership agreement for an additional two years. A longstanding collaboration, this partnership aims to increase the number of women entering engineering fields. We will continue to focus on diversifying the industry pipeline of engineers, with a particular emphasis on students who are Indigenous, Black and People of Colour.

Looking to the future

Hydro One continues to work toward a diverse, skilled and sustainable workforce by:

- Implementing our DEI Strategic Roadmap and executing our Action Plan.
- Piloting a mentoring program for Indigenous-identifying talent and collaborating with a recruiter who identifies as Indigenous.
- Introducing Leadership Conversation Circles that build on our anti-Black racism training and focus on inclusive leadership for directors and executives.

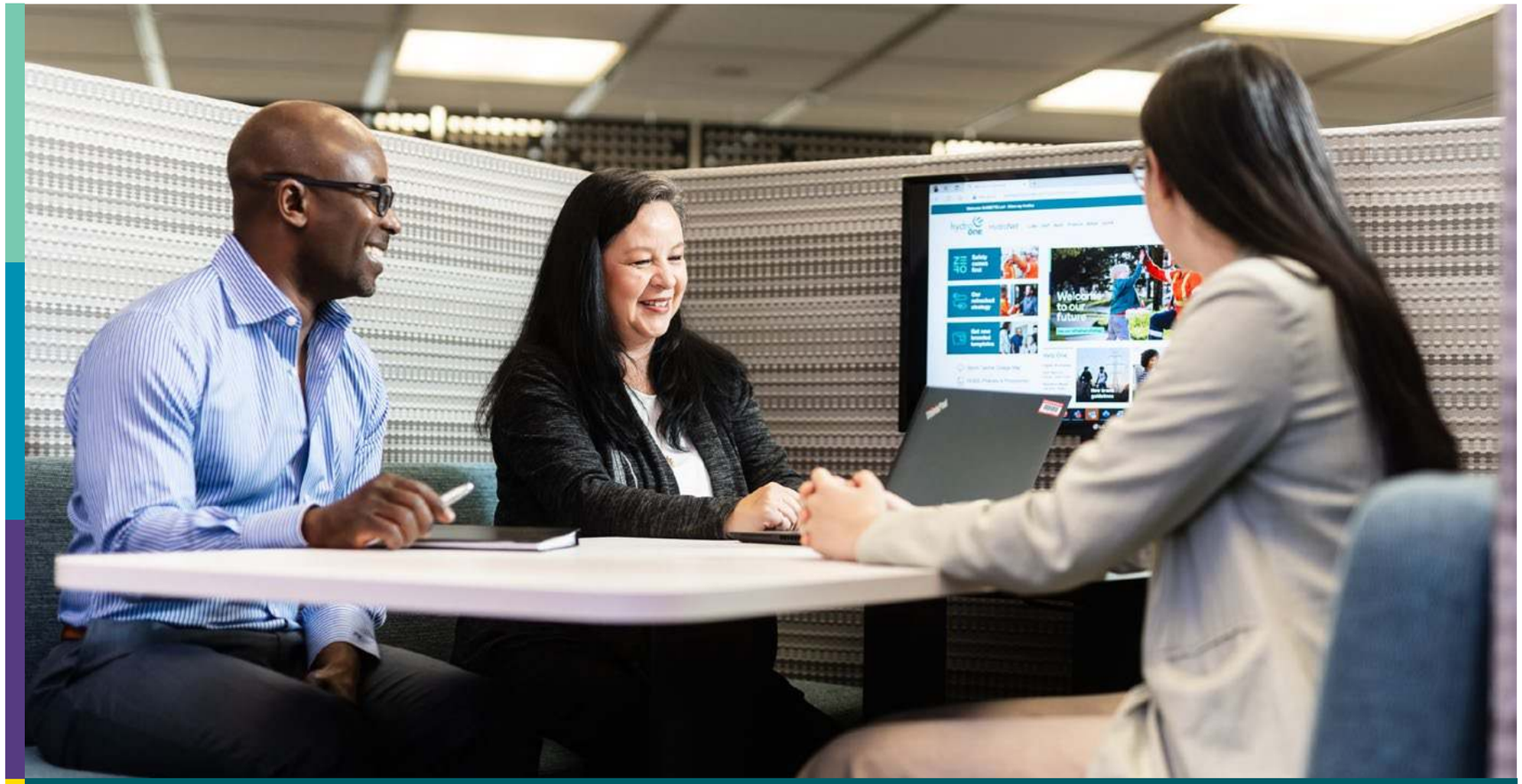
Sustainable procurement

Sustainable procurement is critical to supporting the energy transition and electrifying Ontario. Hydro One's procurement activities are underpinned by ethical and responsible sourcing principles, and we continue to prioritize sustainable purchasing decisions through collaborations with contractors, suppliers and partners to deliver greater social and environmental outcomes.

2023 performance

Our journey to sustainable procurement continued to evolve with increased environmental, social and economic impacts factoring into our purchasing decisions. To remain on track to complete our ambitious electrification program in Ontario, we:

- Employed multiple strategies to secure long-lead-time material for major projects so that we have the adequate materials for our capital projects portfolio.
- Expanded targeted sustainment practices and initiated a new process for bulk ordering major equipment on an annual basis. Aside from cost efficiencies, bulk ordering contributes to a more sustainable supply chain by reducing total transportation and logistics needs, which helps to cut carbon emissions and create reliability in the supply chain.
- Ordered our first large mobile transformer to rebuild transmission stations. This single transformer unit is designed to be deployed repeatedly for the next few decades which means it will contribute to load security while also reducing the land-based footprint and lowering waste on transmission station projects.



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All information is for Hydro One Limited unless there is an asterisk (*), in which case the information is just for Hydro One Networks.

1. Environmental Performance

Table 1.1: Environmental Targets

Indicator	Target	2021	2022	2023
GHG emissions reduction (compared to a 2018 baseline)[1] (%)	30% by 2030[5]			
Combined (Scope 1 and Scope 2)[2,3]	Net-Zero by 2050	(2)	(5)	**(1)**‡
Scope 1		0.5	12	**24**
Scope 2[2,3]		(5)	(22)	**(26)**
Convert fleet of sedans and SUVs into EVs or hybrids[4] (%)	50% by 2025 100% by 2030	14	17	**34**†

1 Hydro One's GHG Inventory is aligned with the GHG Protocol Corporate Accounting and Reporting Standard; ISO 14064-1:2018; Greenhouse Gas Emissions: Quantification, Reporting and Verification Regulation (O.Reg.390/18). Emission Factors are from Canada's National Inventory Report 1990-2022 and Global Warming Potential from the Intergovernmental Panel on Climate Change Fifth Assessment Report, 2014.

2 Hydro One restated Scope 2 GHG emissions for 2021 and 2022 using updated emission factors for electricity sourced from the Canadian National Inventory Report 1990-2022. The methodology used to calculate Scope 2 GHG emissions have not changed. The update is simply a reflection of Hydro One using the most up-to-date information available.

3 Hydro One's Scope 2 emissions are mainly line losses, which are primarily beyond its control. The increase in line losses was due to the increase in electricity demand and the generation mix. For additional information on our GHG emission performance, refer to Climate Change Mitigation section.

4 Fleet electrification is the percentage of Hydro One's light-duty vehicle fleet (sedans and SUVs) that are electric or hybrid vehicles at the end of the fiscal year.

5 Hydro One is currently reviewing this target after assessing its Scope 1 and Scope 2 emissions over the past three years, in light of increases in Scope 2 emissions.

Table 1.2: Climate Change

Indicator	2021	2022	2023
Scope 1 GHG emissions (tCO_2e)	169,199	149,995	**129,994**‡
Scope 2 GHG emissions (tCO_2e)[1]	175,229	202,576	**209,292**‡
Avoided emissions (tCO_2e)[2]	4,461	2,906	**3,667**‡
VOC emissions (tonnes)[3]	30.4	31.6	**26.7**
NOx emissions (tonnes)[3]	1084.4	1130.9	**936.0**
SOx emissions (tonnes)[3,4]	35.8	37.3	**31.2**
Total particulate matter emissions (tonnes)[3]	19.4	20.1	**17.2**

1 Refer to footnote 2 under Table 1.1.

2 These avoided emissions are equivalent to a year's exhaust from approximately 1,125 passenger vehicles (calculated from **https://oee.nrcan.gc.ca/corporate/statistics/neud/dpa/calculator/ghg-calculator.cfm#results**). The 2023 avoided emissions figure does not include avoided emissions from sustainable financing. For the projected sustainable finance avoided emissions, please refer to Tables 2.3 and 2.4 on page **44**.

3 Hydro One Remote Communities Inc. only.

4 We report our SOx emissions as SO_2 which is a subset of SOx emissions and required for reporting under Canadian law.

Table 1.3: Environmental Management

Indicator	2021	2022	2023
Inspections/investigations by the Ministry of Environment, Conservation and Parks (#)	5	5	**9**
Critical environmental actions (charges/fines) (#)	0	0	**0**
EPPs[1] prepared (#)	82	129	**208**
Capital transmission projects for which we conducted environmental work[2] (#)	460	426	**450**
Financial investment in environment protection ($ million)	41+	47+	**45+**
Electricity Use (kWh)	42,856,242	40,601,996	**38,635,387**
Energy Use (GJ)	234,967	218,076	**234,170**
Spills (#)*	415	491	**326**
Spills from extreme weather (#)*	111	232	**44**
Spill recovery rate (%)*	97	95	**95**
Total solid waste produced (tonnes)*	128,423	137,506	**77,586**
Total solid waste recycled (tonnes)*	8,767	10,297	**10,852**
Pollinator habitat established (ha)*	20	12	**22**

1 EPPs document measures to mitigate identified environmental impacts of projects and may include measures to protect or minimize impacts to natural habitats, water courses, built heritage assets and archaeological features and may consider contaminated materials such as soil, groundwater or building materials in execution of the project.

2 Environmental work includes environmental assessments, environmental approvals and permits, environmental studies, stakeholder consultation, community and Indigenous consultation, geo-environmental investigation, construction support, remediation, waste management and monitoring.

Table 1.4: Fleet

Indicator	2021	2022	2023
EVs and hybrids purchased (#)	7	12	**113**
EV charging stations installed at Hydro One facilities (#)	30	8	**10**

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2. Sustainable Finance Performance

Table 2.1: Total Sustainable Finance Issuance by year[1]

Indicator	2021	2022	2023
Total bond issuance (first issuance in 2023) ($ million)	–	–	**2,375**

1 As of August 14, 2024, the total sustainable and green bond issuance is $3,175 million.

Table 2.2: Hydro One Inc. Sustainable Finance Issuances to date

Green/Sustainable	Issuance	Maturity	ISIN	Amount Issued ($M)
Sustainable[1]	Jan 27, 2023	Nov 30, 2029	CA 44810ZCK45	$300
Sustainable[1]	Jan 27, 2023	Jan 27, 2033	CA 44810ZCL28	$450
Sustainable[1]	Jan 27, 2023	Jan 27, 2053	CA 44810ZCM01	$300
Green[2]	Sept 21, 2023	Sept 21, 2026	CA 44810ZCN83	$425
Green[2]	Oct 20, 2023	Oct 20, 2025	CA 44810ZCP32	$400
Green[2]	Nov 30, 2023	Nov 30, 2054	CA 44810ZCQ15	$500
Green[2]	Jan 12, 2024	Mar 1, 2034	CA 44810ZCR97	$550
Sustainable[2]	Jan 12, 2024	Nov 30, 2029	CA 44810ZCK45	$250
Total				**$3,175**

1 The allocation and impact reporting is available on the **Sustainable Financing website**.

2 The allocation report is available on the **Sustainable Financing website** and impact reporting is detailed in the tables on this page and on pages 15, 18, 20, 28, 30 and 32.

Table 2.3: PHEV and EV Financed Emissions Avoided

Project Type	Allocated Amount ($M)	Share of Total Financing	Number of PHEV and EVs	Emissions Factor[1] (gCO_2e/km)	Financed GHG Emissions Avoided[2] (tCO_2e/year)	Financed GHG Enabled Emissions Avoided/$M ($tCO_2e$/year/$M)
PHEV	2.44	100%	59	49	34	14
EV	2.48	100%	25	0	136	55

1 Source: **2023 Fuel Consumption Guide**. PHEV models are Ford Escape Plug-In Hybrid vehicles and EV models are Ford F-150 Lightning. The emissions factors used in the calculation of avoided emissions were based on Hydro One specific assumptions.

2 Financed GHG emissions avoided are calculated assuming that PHEV and EV purchases would replace a light-duty gasoline vehicle. Between 2021-23, on average Hydro One light-duty gasoline vehicle drove 22,998.24 km and the emission factor (gCO_2e/km) is 201.57. It is assumed that PHEV vehicles run 40% in EV mode. In 2022, the estimated grid emissions factor was 35 gCO_2e/kWh from Canada's National Inventory Report 1990-2022. Hydro One PHEV emissions factor gasoline portion is calculated by taking the total emissions (tCO_2e) from Hydro One hybrid vehicles in 2021-23 and dividing by the total kilometres driven by those vehicles to determine a 2021-23 Hydro One average, and then applying a conversion factor to achieve gCO_2e/km. Between 2021-23, on average, Hydro One light-duty gasoline trucks drove 24,018.33 km and the emission factor (gCO_2e/km) is 237.8. Hydro One EV emission factor is determined by utilizing the estimated grid emissions factor of 35 gCO_2e/kWh and multiplying the 2023 fuel consumption guide for the combined 30.6 kWh/100 km.

Table 2.4: Hawthorne to Merivale Project Financed Emissions Avoided

Allocated Amount ($M)	Share of Total Financing	Line Loss savings (MWh/year)[1]	Project GHG Enabled Emissions Avoided (tCO_2e/year)	Financed GHG Enabled Emissions Avoided (tCO_2e/year)	Financed GHG Enabled Emissions Avoided/$M ($tCO_2e$/year/$M)
13.02	61%	1,482	44	27	2

1 The estimated line loss savings of the project are 1,482 MWh per year, based on 2020 network flow assumptions. **https://www.rds.oeb.ca/CMWebDrawer/Record/708949/File/document**

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3. Social Performance

Table 3.1: Social Targets

Indicator	Target	2021	2022	2023
Black Board Members and Executives (%)	3.5% by 2025	0	0	**0**
Black students (%)	5% by 2025	9	3	**6**[1]
Procurement spend from Indigenous Suppliers[2] (%)	5% by 2026[3]	3.4	5.2	**5.7**[†]
Donations and Sponsorships to Indigenous communities (%)	20%	25	23	**22**

1 Hydro One hired a total of 53 students between June 22, 2023 and December 31, 2023. Within the total student hires, there are three Black students. Data prior to June 22, 2023, could not be captured because of an upgrade to the HR reporting system.

2 Indigenous procurement spend (%) is the ratio of total sourceable Indigenous procurement spend to total sourceable procurement spend for the fiscal year then ended.

3 Given Hydro One's history of meeting/surpassing this goal, this target is under review.

Table 3.2: Health and Safety

Indicator	2021	2022	2023
Total recordable injury rate per 200,000 hours worked	0.74	0.62	**0.56**
High-energy serious injury and fatality rate (introduced in 2022)		0.01	**0.02**
Total fatality rate	0.01	0.00	**0.00**
Lost time injury frequency rate per 200,000 hours worked[1]	32.8	21.3	**7.4**
Near-miss frequency rate	17.7	21.1	**23.5**

1 Hydro One calculates the lost time injury frequency rate by attributing days lost to injury in any given year to the year in which the injury occurred. As a result, the 2021 and 2022 values do not reflect the data previously reported.

Table 3.3: Reliability and Resiliency*

Indicator	2021	2022	2023
Transmission SAIDI[1] (per delivery point per year) (minutes)	4.2	8.8	**5.2**
Transmission SAIFI[2] (per delivery point per year) (#)	0.3	0.3	**0.3**
Distribution SAIDI[3] (per customer per year) (hours)	6.5	6.9	**7.5**
Distribution SAIFI[4] (per customer per year) (#)	2.4	2.5	**2.8**
Customer Average Interruption Index (CAIDI) (per customer per year) (hours)	2.8	2.8	**2.7**
Distribution SAIDI for tree-related interruptions (hours)	2.7	2.5	**2.3**
Vegetation-defects safely treated – Distribution (#)		614,617	**592,257**
Area of vegetation controlled clearing adjacent to transmission system (Ha)			**15,205**
Vegetation clearing along transmission lines as a part of the transmission line clearing program (km)			**3,254**
Length of transmission lines (km)	30,023	29,637	**29,632**
Length of distribution lines (km)	124,556	124,741	**124,948**
Total wholesale electricity purchased (MWh)	29,965,814	30,803,116	**30,619,019**
Electric load served by smart grid technology[5] (%)	94.9	94.9	**95.9**
Distribution modernization devices installed (#)	955	1,139	**1,431**
Distribution grid modernization savings – customer minutes (millions)	12	18	**29**

1 We report the transmission SAIDI for multi-circuit supplied delivery points. The Transmission SAIDI numbers do not include any events with more than 10,000 MW minutes unsupplied energy, initiated by uncontrollable causes, such as weather, environment, or foreign object interference.

2 We report the transmission SAIFI for multi-circuit supplied delivery points. The Transmission SAIFI numbers do not include any events with more than 10,000 MW minutes unsupplied energy, initiated by uncontrollable causes, such as weather, environment, or foreign object interference.

3 The Distribution SAIDI numbers do not include any force majeure events. We define a force majeure event to have occurred when electricity service to 10% or more of our distribution customers has been interrupted by an event.

4 The Distribution SAIFI numbers do not include any force majeure events. We define a force majeure event to have occurred when electricity service to 10% or more of our distribution customers has been interrupted by an event.

5 To calculate the percentage of electric load delivered by smart grid technology, we calculated the total amount of electricity delivered to our customers with (or by) an active smart meter.

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Table 3.4: Talent Management

Indicator	2021	2022	2023
Average number of employees[1]	9,300	9,300	**9,700**
Unionized employees (%)	90.0	88.7	**89.6**
Employees eligible to retire within 5 years (% of workforce)	18	17	**16**
Employees eligible to retire within 10 years (% of workforce)	33	31	**31**
Employee turnover rate (%)[2]	5.3	6.1	**4.1**
Average learning and development per employee (hours)	45.9	49.1	**47.9**

1 This approximate number includes both regular and non-regular employees.

2 The rate is calculated based on voluntary, involuntary, retirement and other departures as a percentage of the average annual number of permanent employees.

Table 3.5: myExperience Employee Survey

Indicator	2021	2022	2023
Participation rate (%)	69	65	**71**
Employees who feel proud to work for Hydro One (%)	81	84	**85**
Safety perception index (%)	84	87	**88**
Inclusion and psychological index (%)	69	73	**74**
Manager effectiveness[1] (%)		72	**74**
Job enablement (%)	72	75	**76**
Growth and development (%)	63	67	**69**
Employee engagement (%)	69	71	**72**
Sustainability and community investment (%)	77	82	**82**

1 The 2021 data is not comparable to 2022 or 2023 because an additional question was introduced after 2021.

Table 3.6: Customer

Indicator	2021	2022	2023
Transmission customer satisfaction*[1] (%)	92	88	**88**
Commercial and industrial customer satisfaction*[2] (%)	80	74	**82**
Residential and small business customer satisfaction* (%)	89	87	**87**
Distribution – Customers served (#)			
Residential	1,300,698	1,315,860	**1,332,596**
Commercial	118,710	120,516	**122,148**
Industrial	9,033	8,024	**7,720**
Other Retail customers[3]	48,044	33,511	**33,518**
Transmission – Customers served[4] (#)	688	689	**691**
Distribution – Total electricity delivered (MWh)			
Residential	13,991,403	14,357,227	**14,205,729**
Commercial	3,179,223	3,467,391	**3,531,312**
Industrial	9,867,063	9,851,337	**10,259,260**
Other Retail customers[5]	159,204	160,837	**162,508**
Wholesale distribution[5]	10,151,816	9,732,461	**9,572,571**
Transmission – Total electricity delivered[6] (MW)	231,917	229,346	**228,089**

1 This indicator measures customer satisfaction for our large transmission customers.

2 This includes distribution customers with average monthly demand over 50 KW.

3 Numbers as of December 31, 2023. Other Retail customers include local distribution companies connected to Hydro One's distribution system, distributed generators, streetlights, sentinel lights and unmetered scattered load.

4 Numbers as of December 31, 2023. The number of customers our transmission system serves includes transmission delivery points of local distribution companies, transmission business customers and generators, as defined by the IESO.

5 Other Retail customers include distributed generators, streetlights, sentinel lights and unmarried scattered load; and wholesale customers include local distribution companies connected to Hydro One's distribution system.

6 This includes electricity delivered to local distribution companies, generators and transmission business customers as defined by the IESO and is calculated as the sum of 12 monthly peak demands from all transmission delivery points.

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Table 3.7: Affordability

Indicator	2021	2022	2023
Average retail electric rate ($/kWh)			
Residential	0.16	0.17	**0.17**
Commercial	0.19	0.20	**0.21**
Industrial	0.14	0.15	**0.14**
Typical monthly electric bill for residential customers ($)			
For 500 kWh of electricity delivered per month	98.27	103.35	**105.34**
For 1000 kWh of electricity delivered per month	161.32	165.87	**173.24**
Residential customer electric disconnections for non-payment, percentage reconnected within 30 days (%)	71	70	**70**

Table 3.8: Economic Development

Indicator	2021	2022	2023
Capital investments ($ million)	2,125	2,132	**2,531**
Productivity savings ($ million)			**113.9**[1]
Investment in R&D ($ million)	6	15.8	**12.6**
Total procurement spend ($ million)	1,732	1,854	**2,491**
Total procurement spend in Canada ($ million)	1,579	1,681	**2,307**
Total procurement spend in Ontario ($ million)[2]	1,380	1,376	**1,885**
Indigenous procurement spend ($ million)	58.3	95.9	**142.3**
Indigenous companies from which we purchased materials and services (#)	82	90	**86**
EPC vendor project spend with Indigenous business, workers and communities ($ million)		13+	**30+**
Economic value generated (revenues) ($ million)	7,233	7,819	**7,844**
Economic value distributed[3] ($ million)	8,245	8,727	**9,520**

1 In 2023, Hydro One rebased the productivity savings program in line with Joint Rate Application. 2023 is the first year since the rebase, hence there is no comparable data for 2021 and 2022.

2 We define Ontario goods and services as those purchased by the vendor address.

3 Economic value distributed as defined by the **GRI disclosure 201-1**. This is not a financial reporting indicator and should not be confused with our year-end financial statements.

Table 3.9: Community Investment

Indicator	2021	2022	2023
Community investment donations and sponsorships ($ million)	3.3	4	**3.6**
Community support agreements ($ million)			**3.2**
Employee volunteer hours (#)	4,315	7,482	**7,853**

Table 3.10: Diversity, Equity, and Inclusion

Indicator	2021	2022	2023
Executive diversity[1] (%)			
Women[2]	30.6	32.5	**36.5**[†]
Men	69.4	67.5	**63.5**
Indigenous	0	2.2	**2.5**
Black	0	0	**0**
People of Colour	23.7	20.3	**18.6**
Disability	2.6	9.9	**12.7**
2SLGBTQIA+	0	0	**0**
Employee diversity[1,3] (%)			
Women	24.4	25.1	**25.8**
Men	75.6	74.9	**74.2**
Indigenous	2.7	2.9	**3.2**
Black	1.6	1.7	**1.6**
People of Colour	10.6	10.6	**10.5**
Disability	2.9	3.1	**2.8**
2SLGBTQIA+	1.3	1.3	**1.3**

1 Executive management and regular employee diversity by gender is calculated as the monthly average headcount over the fiscal year based on self-declaration. All other categories are reported as a yearly average from our myExperience survey. We define executives as VP and above.

2 Hydro One met its Catalyst Accord Commitment to achieve 30% women in executive and Board positions by end of 2022.

3 In the **2021 Sustainability Report**, we reported Hydro One's % of Black and People of Colour collectively for regular employees in 2021 as 12.4%. The actual percentage in 2021 was 12.2%.

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4. Governance

Table 4.1: Governance

Indicator	2021	2022	2023
Board Diversity[1] (%)			
Women	45	40	**45**
Men	55	60	**55**
Indigenous	9	20	**18**
Black	0	0	**0**
People of Colour	0	0	**0**
Disability	9	0	**0**
2SLGBTQIA+	0	0	**0**
Unresolved well-founded[2] privacy complaints as determined by the Privacy Commissioner of Canada (#)	0	0	**0**
Cases received by our Corporate Ethics Office (#)	296	389	**351**
Employees who completed the Code of Business Conduct training (%)	84.0	99.2	**99.9**

1 Based on self-identification.

2 The term "well-founded" is used by the Office of the Privacy Commissioner of Canada when the commissioner has found that an organization has failed to respect a provision of the Personal Information Protection and Electronic Documents Act.

Task Force on Climate-related Financial Disclosures

The Task Force on Climate-related Financial Disclosures (TCFD) was established to improve and increase reporting of consistent and comparable climate-related financial risk disclosures in the private sector. Implementing the TCFD recommendations within our company is a journey and we are committed to the continuous improvement of our TCFD reporting. A summary of our alignment with the TCFD recommendations is as follows:

	Summary of alignment with TCFD Recommendations	Location
Governance – Hydro One's Board of Directors (Board) and management acknowledge the importance of good governance practices in management of climate-related issues.	**Board Oversight** • Hydro One's Board of Directors, through its committees including the Indigenous Peoples, Safety & Operations Committee (the IPSO Committee), has oversight of sustainability at Hydro One, reviewing and approving the company's sustainability priorities, its program, and its annual sustainability report. • The IPSO Committee reviews Hydro One's approach to issues related to sustainability including environment, grid reliability, efficiency, and flexibility. • The IPSO Committee reviews material climate and environment events or developments and our progress against our goals related to climate change and other environmental issues. • The IPSO Committee also assesses the company's programs and approaches related to sustainability objectives, including the standards against which the company reports in areas such as climate change. • The Enterprise Risk Management (ERM) function delivers quarterly updates to the Board and its committees. **Management Oversight** • Hydro One's sustainability approach, program and strategy are overseen at an executive level by the EVP, Strategy, Energy Transition and Human Resources. The EVP Strategy, Energy Transition and Human Resources is supported by VP-level Sustainability Committee chaired by the VP, Sustainability. This Committee provides strategic advice and perspectives on current, emerging, and key sustainability issues including climate change, and directional oversight for all other ESG-related committees at the company. • Hydro One established a managerial-level Climate Change Committee to oversee all matters related to climate change. This cross-functional committee meets regularly to focus on strategies and approaches to mitigate and adapt to climate change. The Climate Change Committee is supported in its mission by working groups on SF_6; climate change adaptation; and climate change management in fleet and facility operations. • A key metric of our corporate scorecard for all our management team is reliability, which is influenced by both climate-related events and our resiliency efforts.	Our **Approach** section of the Sustainability Report **Board of Directors Mandate** **IPSO Committee Mandate** **Management Information Circular**

Task Force on Climate-related Financial Disclosures

	Summary of alignment with TCFD Recommendations	Location

Strategy – Hydro One is committed to the ongoing assessment and understanding of climate change risks and opportunities and the impacts on Hydro One's strategies and business operations.	• Climate-related risks and opportunities are assessed across Hydro One's business, and material risks and opportunities are integrated within Hydro One's long-term business planning and strategy.
	• Hydro One's corporate strategy considers the risks of climate change through our "Plan, Design and Build a Grid for the Future" strategic priority.
	
	Climate-related risks
	• In 2020, Hydro One conducted a corporate-wide dedicated climate-related risk assessment process to identify climate-related risks and opportunities, led by our ERM team with input from cross-functional teams.
	• In 2022, we conducted a climate exposure analysis and preliminary vulnerability screening, to identify the hazards of climate change, characterize our exposure to climate risks, and help us better understand the impact of climate change in the future.
	  • In 2023, we dove deeper into the identified vulnerabilities and conducted a detailed quantitative analysis for high asset-hazard risk combinations. The findings related to climate-related risks are expected to inform the identification of climate adaptation actions.
	  • Our material climate-related risks are detailed in our annual and interim management's discussion and analysis.
	• **Physical:** Significant climate-related impacts to Hydro One's business are physical risks to our assets. Our facilities are exposed to the effects of severe weather conditions and natural disasters. The Company recognizes the risks associated with potential climate change and has developed plans to respond as appropriate. Climate change may have the effect of shifting weather patterns and increasing the severity and frequency of extreme weather events and natural disasters, which could impact Hydro One's business. The Company's facilities may not withstand occurrences of these types in all circumstances. Notwithstanding Hydro One's efforts to adapt and increase grid resilience, the Company's facilities are exposed to risks which may have an adverse effect on grid resilience.
	• The Company could also be subject to claims for damages from events which may be proximately connected with the Company's assets (for example, wildfires), claims for damages caused by its failure to transmit or distribute electricity or costs related to ensuring its continued ability to transmit or distribute electricity. The Company does not have insurance for damage to its transmission and distribution wires, poles and towers located outside its transmission and distribution stations resulting from these or other events. Where insurance is available for the Company's other assets and for damage claims, such insurance coverage may have deductibles, limits and/or exclusions that may still expose the Company to material losses.
	• Hydro One's corporate strategy considers these risks, through our "Plan, Design and Build a Grid for the Future" strategic priority.
		Climate Change Mitigation and **Adaptation** sections of the Sustainability Report
		2023 Annual Report
		2021 TCFD Disclosures
		2022 TCFD Disclosures

Task Force on Climate-related Financial Disclosures

Summary of alignment with TCFD Recommendations	Location
Policy: We regularly monitor climate change policy developments and assess their potential impact on our business. While we are not a large emitter of GHG, we do seek to minimize our GHG emissions as part of our strategy to limit our environmental impact. We have developed internal programs to monitor and mitigate, to the extent reasonable, the impacts of GHG emissions. In addition, we engage in proactive policy development to support greater electrification in Ontario. Policy and legal-related risks and opportunities are managed by our leadership level Strategic Policy Committee and our Regulatory and Policy teams.	
Regulatory: Our efforts to build a grid for the future and enhance the resilience of the Ontario grid exist within a regulated context. We continually assess, and advocate, where appropriate, changes to the regulatory environment that may impact our ability to implement our strategy, and we seek to identify regulatory barriers and/or changes needed to enhance the grid's resilience. We regularly review and support development standards, including our specifications, to account for changes in national standards to ensure we are hardening our infrastructure to withstand climate-related hazards.	
Market: Hydro One aims to increase the resilience of the grid and support Ontario in unlocking the electrification potential of our economy to mitigate climate change. To realize the electrification and decarbonization potential of the grid, while also ensuring electricity security, Ontario's grid requires significant investments in efficient, smart, and flexible system infrastructure.	
Climate-related opportunities • There is a potential opportunity for growth in electricity demand as Ontario increases the electrification of transportation, buildings, and industry to mitigate climate change. For Hydro One this offers us an opportunity, including but not limited to, providing an expanded set of services including solutions and products to manage energy efficiency and usage. • We provide new products and services to customers to help mitigate climate change impacts. We have invested in the **Ivy™ Charging Network** (Ivy), Ontario's largest, fast-charger network, connecting the north to the south and the east to the west. • We introduce new innovations to address the impacts of climate change, improve grid reliability, and potentially reduce costs through our climate adaptation strategic objectives and through our "Innovate and Grow" strategic priority.	**2021 TCFD Report**

Task Force on Climate-related Financial Disclosures

	Summary of alignment with TCFD Recommendations	Location
	Climate Scenario Analysis • In 2021, Hydro One conducted a qualitative scenario analysis to capture potential financial implications of climate change. The results found that acute impacts of climate change pose a risk to Hydro One but also illustrated the opportunities of a low-carbon transition. To capitalize on this expected increase in demand, Hydro One plans to continue to invest in the grid. • In 2023, a quantitative scenario analysis was completed to better understand the projected impacts of various climate hazards on Hydro One assets through near-, mid- and late-century. This assessment included evaluating risks at the asset-level for priority asset-hazard combinations. Results from this analysis are expected to support the development of a climate change adaptation plan that intends to support the implementation of various adaptation actions to mitigate the physical risks of a changing climate on Hydro One operations and assets. • Hydro One's strategic priority to "Plan, Design and Build a Grid for the Future" aligns with the risks and opportunities posed by climate change. Through our adaptation program, we are continually investing in grid resilience.	
Risk Management – Hydro One has an ERM (Enterprise Risk Management) process to identify, assess and manage risks across the business, including climate-related risks and opportunities.	• The Board of Directors is responsible for oversight of the principal risks of the business, which includes ESG. The Board ensures that management has an effective risk management framework, programs, and risk mitigation strategies in place, with a view to achieving an appropriate balance between the risks incurred as well as the potential returns and the long-term sustainability of the company. • The Board oversees and assesses the adequacy and effectiveness of programs and processes for identifying, assessing, and managing or mitigating the company's principal risks and ensuring that primary oversight responsibility for each of the key risks identified in the ERM framework is assigned to the Board or one of its committees. • The ERM team provides an annual corporate risk profile report and quarterly updates on the company's risk profile to the Board of Directors and its committees, consistent with the risk management oversight accountabilities of their mandates and as allocated by the Board. These reports chronicle the most "critical" risks to the achievement of the corporate strategy, including new and emerging risks, and are a key mechanism to integrating climate and other sustainability-related risks into Hydro One's overall risk management process. • The identification, assessment and management of climate-related risks are integrated within management's risk accountabilities and Hydro One's ERM process. The ERM process enables Hydro One to proactively consider the critical and emerging enterprise risks essential to the achievement of our strategic objectives in an integrated, systematic, and transparent manner. Climate-related risks and opportunities are monitored regularly by management. • Climate-related risks and opportunities are identified and assessed through multiple channels. This includes project risk assessments, enterprise-wide climate-related scenario planning assessments, and executive leadership team risk workshops conducted by Hydro One's ERM team.	Management Information Circular

Task Force on Climate-related Financial Disclosures

	Summary of alignment with TCFD Recommendations	Location
Metrics and Targets – Hydro One reports year-over-year performance across many areas, including, GHG emissions, capital investments and reliability.	• As an electricity transmission and distribution company, Hydro One is not considered a "high emitter" of GHG under Canadian law. Accordingly, we are not required to report on GHG emissions (other than SF_6). However, we recognize that GHG emissions are important to many of our stakeholders, and we disclose our annual GHG emissions. • Hydro One has committed to achieving net-zero GHG emissions by 2050. We have established a target to achieve a 30% GHG reduction by 2030 compared to the 2018 baseline. Hydro One is currently reviewing its 30% by 2030 target after assessing its Scope 1 and Scope 2 emissions over the past three years, in light of increases in Scope 2 emissions. • We measure and report annually on reliability indicators including System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI) for our distribution and transmission business. • The implementation of our climate adaptation plan is expected to include monitoring and evaluation to track progress. Hydro One intends to review the climate science and vulnerability assessment every five years.	**Climate Change Mitigation** and **Adaptation** sections of the Sustainability Report **GHD Letter of assurance** ESG Data Index – **Climate Change**, **Reliability**

Independent Practitioner's Limited Assurance Report

To the Board of Directors and Management of
Hydro One Limited

We have undertaken a limited assurance engagement on certain sustainability performance measures of Hydro One Limited (the "Entity") included in the accompanying 2023 Sustainability Report (the "Sustainability Report"), for the period from January 1, 2023 to December 31, 2023.

The scope of our limited assurance engagement, as agreed with management, comprises the following performance measures (collectively, the 'Subject Matter Information') and criteria:

Subject Matter Information	Units	Criteria
Procurement spend from Indigenous Suppliers	%	Internally developed criteria
Convert fleet of sedans and SUVs into EVs or hybrids	%	
Executive Diversity – Women	%	

The Subject Matter Information is denoted by the symbol † in the Sustainability Report.

Other than as described in the preceding paragraph, we did not perform assurance procedures on the remaining information included in the Sustainability Report, and accordingly, we do not express a conclusion on this information.

There are no mandatory external requirements for the preparation or presentation of the Subject Matter Information. As such, the Entity has applied internally developed criteria, which is described on pages **43**, **45** and **47** of the Sustainability Report ("applicable criteria").

Management's Responsibility
Management is responsible for the preparation and presentation of the Subject Matter Information in accordance with the applicable criteria.

Management is also responsible for such internal control as management determines necessary to enable the preparation and presentation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error. This responsibility includes determining the Entity's objectives in respect of sustainability performance and reporting, identifying stakeholders and material issues, and selecting or developing appropriate criteria.

Our Responsibility
Our responsibility is to express a limited assurance conclusion on the Subject Matter Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with Canadian Standards on Assurance Engagements (CSAE) 3000, *Attestation Engagements Other than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform our engagement to obtain limited assurance about whether the Subject Matter Information is free from material misstatement.

A limited assurance engagement involves assessing the suitability of the criteria used by the Entity in preparing the Subject Matter Information in the circumstances of the engagement, assessing the risks of material misstatement, whether due to fraud or error, and responding to the assessed risks as necessary in the circumstances.

We exercised professional judgment and maintained professional skepticism throughout the engagement. Our procedures were designed and performed to obtain evidence that is sufficient and appropriate to provide a basis for our conclusion. In carrying out our engagement, we:

- Evaluated the suitability of the Entity's use of criteria, as the basis for preparing the Subject Matter Information in the circumstances of the engagement;
- Through inquiries, obtained an understanding of the Entity's control environment, processes and systems relevant to the preparation of the Subject Matter Information, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness;
- Inspected a limited number of items to or from supporting records, as appropriate;
- Performed analytical procedures and made inquiries of management to obtain explanations for any significant differences we identified;
- Considered the presentation and disclosure of the Subject Matter Information.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our Independence and Quality Management
We have complied with the independence and other ethical requirements of relevant rules of professional conduct/code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

The firm applies Canadian Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Significant Inherent Limitations
Historical non-financial information, such as that included in the Sustainability Report, is subject to more inherent limitations than historical financial information, given the qualitative characteristics of the underlying subject matter and methods used for determining this information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable evaluation techniques, which can result in materially different measurements and can impact comparability. The nature and methods used to determine such information, as described in the applicable criteria, may change over time. It is important to read the Entity's reporting methodology available within pages **43**, **45** and **47** of the Sustainability Report.

Conclusion
Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the procedures performed and evidence obtained, no matters have come to our attention to cause us to believe that the Entity's Subject Matter Information for the period from January 1, 2023, to December 31, 2023, is not prepared, in all material respects, in accordance with the applicable criteria.

Purpose of Subject Matter Information
The Subject Matter Information has been prepared in accordance with the applicable criteria and as a result may not be suitable for another purpose. Our conclusion is not modified in respect of this matter.

Restriction of Use
Our report is intended solely for use by Hydro One Limited's Board of Directors and Management in fulfilling their oversight responsibilities for the Subject Matter Information. This report may not be suitable for any other purpose and is not intended for use or reliance by any third parties. While KPMG LLP acknowledges that disclosure of our report may be made, in full, by Hydro One Limited in the Sustainability Report, KPMG LLP does not assume or accept any responsibility or liability to any third party in connection with the disclosure of our report.

KPMG LLP

Chartered Professional Accountants
Toronto, Canada
August 13, 2024

Letter of assurance

Dear Ms. Tóth:

The purpose of this letter is to clarify matters set out in the GHD Limited (GHD) Verification Report issued for the Hydro One Networks Inc. (Hydro One) 2023 GHG Report.

This letter and the GHD's Verification Report, including the opinion(s), are addressed to Hydro One and are solely for Hydro One's benefit in accordance with the terms of the verification engagement. GHD consents to the release of this letter by Hydro One for inclusion in Hydro One's corporate sustainability report.

In accordance with our engagement with Hydro One, and for the avoidance of doubt, we confirm that our *Verification Report*: 2023 GHG Report to you dated June 7, 2024 (the "Verification Report") incorporated the following matters:

1. Boundaries of the reporting company covered by the Verification Report and any known exclusions:

Hydro One Limited, through its wholly owned subsidiaries, is Ontario's largest electricity transmission and distribution provider with approximately 1.5 million residential and business customers, mostly in rural areas. Emissions from Hydro One Networks Inc. (Networks), Hydro One Remote Communities (Remotes), and Acronym Solutions (Acronym) were included. Verification was completed at the corporate level.

The inventory boundary included fleet fuel combustion emissions, stationary combustion emissions, electricity generation emissions, fugitive SF_6, CF_4, and refrigerants, emissions from purchased electricity, and electricity transmission/distribution line losses.

GHG emission avoidance from Hydro One programs and projects that are supporting Ontario decarbonization goals were verified.

2. Emissions data verified – broken down by Scope 1, Scope 2, Avoided Emissions, and Sustainable Financing Framework Avoided Emissions categories:

Total Entity-Wide Emissions Verified

Total Scope 1 Emissions: 129,993.68 tonnes CO_2e

Total Scope 2 Emissions: 209,291.51 tonnes CO_2e

Avoided Emissions: 3,667.44 tonnes CO_2e

Sustainable Financing Avoided Emissions: 197.30 tonnes CO_2e

3. Period covered (e.g., '12 months to DD MM YY'):

The reporting period is between 01/01/23 and 31/12/23.

4. Verification standard used:

For the verification of the 2023 GHG Report, GHD has applied the ISO 14064-3 standard. The verification was also completed in general accordance with the requirements of the GHG Protocol.

5. Assurance Opinion

Materiality for this verification has been set at 5 percent for Hydro One's direct (Scope 1), indirect (Scope 2), and avoided emissions as per the guidance of the GHG Protocol.

GHD's assessment of all data provided by Hydro One, has indicated the following net discrepancies:

- Net sum of Scope 1 discrepancies: 0.0018 percent (due to rounding and immaterial duplication errors)
- Net sum of all Scope 2 discrepancies: 0.0001 percent (due to rounding)
- Net sum of all avoided emissions discrepancies: -0.013 percent (due to rounding)
- Net sum of all sustainable financed avoided emissions discrepancies: 0.000 percent

The purpose of this verification was to have an independent third party assess Hydro One's 2023 GHG Report, calculations and compliance with the requirements of the ISO Standard ISO 14064 Greenhouse Gases – Part 3: Specification with Guidance for the Validation and Verification of Greenhouse Gas Assertions (ISO 14064-3), the GHG Protocol and associated guidance. The verification was completed to a reasonable level of assurance.

Based on our verification, the GHG statement is, in all material aspects, in accordance with the verification criteria and is free of material misstatements.

6. Verification provider and accreditations:

VERIFICATION BODY NAME: GHD Limited

VERIFICATION BODY ADDRESS: 455 Phillip Street, Unit #100A, Waterloo, Ontario, N2L 3X2

VERIFICATION BODY CONTACT: Mr. Gordon Reusing

TITLE: Principal

TELEPHONE: 519-340-4231

EMAIL: Gordon.Reusing@ghd.com

Accreditation: GHD is accredited by the American National Standard Institute (ANSI) under ISO 14065 to provide organizational level verification services. This verification engagement did not require accreditation and was not under ANAB oversight.

7. Lead verifier name and relevant accreditations/ professional membership:

LEAD VERIFIER: Mr. Gordon Reusing

TITLE: Principal

TELEPHONE: 519-340-4231

EMAIL: Gordon.Reusing@ghd.com

8. Signatures of Lead Verifier and Independent Reviewer

Gordon Reusing,
M.A.Sc., P.Eng., PE
Lead Verifier

Erik Martinez,
P.Eng.
Independent Reviewer

Forward-looking statements

Certain information in this report contains "forward-looking information" within the meaning of applicable Canadian securities laws and "forward-looking statements" within the meaning of applicable U.S. securities laws (collectively, "forward-looking information"). Statements containing forward-looking information are made pursuant to the "safe harbour" provisions of applicable Canadian and U.S. securities laws. Forward-looking information in this report is based on current expectations, estimates, forecasts and projections about Hydro One's business and the industry, and the regulatory and economic environments in which Hydro One operates and includes beliefs of and assumptions made by management. Such statements include, but are not limited to, the company's sustainability objectives; the company's expectations regarding electrification, generation mix and energy transition to a low-carbon future, including the company's role in facilitating such transition, the transition's impact on the company and its stakeholders, the opportunities arising from the transition, related investments and the anticipated impacts of such investments; future energy demands and the impacts of such demands; the company's aspiration to be the safest utility and the means by which the company intends to accomplish this goal, including prioritizing its Safety Improvement Plan, piloting AI-driven technology, and the enhancement of data-driven decision making; the continuous evolution and improvement of the company's cyber security program and the expected results therefrom; investments to improve system reliability and commitments with respect to vegetation management, storm response and investment in non-wires alternatives and the anticipated results therefrom; expectations for near-term trends in the company's Scope 2 emissions and drivers of such emissions; the company's commitment to building climate resiliency; the company's plan to launch a fire dangers rating dashboard and the expectation to be able to use the related data to take timely operational decisions to prevent and address wildfires; the company's plans to expand its EV forecasting model to assess EV uptake and estimated load impacts on transmission and distribution networks; the scale up of myEnergy Rewards and expected benefits therefrom; the company's priorities relating to opportunities for employee growth, wellness and success with the company; the company's plan to continue to review sustainability measures linked to its compensation plans; the company's DEI Strategic Roadmap and Action Plan and efforts by which the company continues to work toward a diverse, skilled and sustainable workforce; the company's plan to prioritize integration of mental health and psychological safety into its strategy; the company's potential use of drone technology to support its operations; the company's intention to continue to engage its employees and deepen their sense of belonging at Hydro One; the company's ongoing and planned sustainability priorities and commitments, including target dates, as they relate to DEI, human resources, environmental programs, climate change mitigation, adaptation and resiliency, Indigenous, community and business partnerships, customers and other initiatives and related plans and anticipated results; the company's goal to have 3.5% Black executives and Board members and 5% Black student hires by 2025; the company's goal to achieve a target of 30% reduction of GHG emissions by 2030 and net-zero GHG emissions by 2050, including the company's review of its 2030 30% GHG reduction target; the company's plans to develop a comprehensive playbook to guide future acquisitions of EVs or hybrids and its goal to convert 50% of its fleet of sedans and SUVs to EVs or hybrids by 2025 and 100% by 2030; Hydro One Remotes' dedication to reducing diesel electricity generation in remote Indigenous communities; the company's goal to phase out PCB-containing electrical equipment by December 31, 2025; the company's goal of achieving Indigenous procurement spend of 5% of the company's total sourceable spend by 2026 and the company's review of such target; the company's plans to host an annual EPC Safety Summit and issue an annual newsletter; Nbisiing's potential to become a strategic partner of the company; the company's target of directing 20% of its community investment donations and sponsorships to Indigenous communities and organizations; the company's plans to continue to reduce SF_6 gas emissions and the use of SF_6 and expectations to pilot non-SF_6 equipment for lower voltages; expectations for the company's GHG accounting tool and its ability to help estimate potential GHG emissions for future capital projects and other planning uses; the company's environmental management plans, including its plans to develop a stronger audit program to improve environmental protection and mitigation controls and the means by which it seeks to preserve biodiversity and enhance the sustainability of corridor maintenance; the company's talent management priorities; the company's activities with regulators, DERs and other stakeholders and the results therefrom; the company's continued investment in and strengthening of the grid through SFI; the company's customer focus expectations, commitment to provide a consistent level of service and related priorities; the expected economic and environmental benefits of the company supplying energy to battery manufacturers and BESSs; the company's support for the consistent and safe integration of BESS facilities in Ontario and the rationale for such support; details of the Chatham to Lakeshore transmission line, including timeline and cost compared to budget, and the expected benefits of the project; the expected economic, resiliency, reliability and capacity benefits of the company's new and upgraded transmission stations; the company's expectation to continue working with the federal government on the company's approach to valuing reserve lands; details of the Wataynikaneyap Transmission Powerline Project and expected benefits of the grid connections therefrom; investment in and development and expansion of broadband-enabling infrastructure and results of related projects; the expected use of the results of the company's climate scenario analysis to support implementation of the company's climate adaptation actions; the implementation of the company's climate adaption plan and intention to review its climate science and vulnerability assessment every five years; the company's intention to continue to improve reliability through investments and modernization of the grid; the company's intention to create a Distributed Intelligence Lab to test the next generation of metering infrastructure and drive innovation; the company's role in leading the way to a sustainable future while maintaining safety, affordability and reliability; and expected future capital investments and expenditures and the nature and timing of these investments and expenditures and anticipated results.

Words such as "aim", "could", "would", "expect", "schedule", "budget", "anticipate", "projects", "forecast", "potential", "strategy", "intend", "may", "plan", "will", "believe", "seek", "estimate", "goal", "commitment", "target", "can", "continue", "vision", "could", and negative and grammatical variations of such words and similar expressions are intended to identify such forward-looking information. These statements are not guarantees of future performance and involve assumptions and risks and uncertainties that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed, implied or forecasted in such forward-looking information.

The forward-looking information in this report is based on a variety of factors and assumptions including, but not limited to: no unforeseen changes in the legislative and operating framework for Ontario's electricity market or for Hydro One specifically; favourable decisions from the OEB and other regulatory bodies concerning outstanding and future rate and other applications; no unexpected delays in obtaining required regulatory approvals; no unforeseen changes in rate orders or rate setting methodologies for the company's distribution and transmission businesses; no unfavourable changes in environmental regulation; continued use of US GAAP; a stable regulatory environment; no significant changes to the company's current credit ratings; no unforeseen impacts of new accounting pronouncements; no changes to expectations regarding electricity consumption; no unforeseen changes to economic and market conditions; completion of operating and capital projects that have been deferred; Ontario's electricity demand will increase moderately compared to 2020 demand; energy generation and supply composition will be favourable and support the achievement of GHG emission reduction targets; new GHG mitigation technologies will become more available and more affordable; Hydro One's growth and activities will be consistent with the information included in its first joint rate application; the number of Hydro One vehicles and facilities will not change significantly; and no significant event occurring outside the ordinary course of business. These assumptions are based on information currently available to Hydro One, including information obtained from third-party sources. Actual results may differ materially from those predicted by such forward-looking information. While Hydro One does not know what impact any of these differences may have, the accuracy of the forward-looking information in this report, Hydro One's business, results of operations, financial condition and credit stability may be materially adversely affected if any such differences occur.

Factors that could cause actual results or outcomes to differ materially from the results expressed or implied by forward-looking information are discussed in more detail in the sections entitled "Forward-Looking Information" and "Risk Factors" in Hydro One Limited's most recent annual information form, the sections entitled "Risk Management and Risk Factors" and "Forward-Looking Statements and Information" in Hydro One Limited's most recent annual management's discussion and analysis of its financial condition and results of operations and the section entitled "Forward-Looking Statements and Information" in Hydro One Limited's most recent interim management's discussion and analysis of its financial condition and results of operations which are filed on SEDAR+ under Hydro One Limited's profile at www.sedarplus.com. You should review such materials in detail, including the matters referenced therein.

Unless otherwise indicated, forward-looking information in this report describe the company's expectations as at August 14, 2024 and, accordingly, are subject to change after that date. Hydro One does not undertake or assume any obligation to update or revise any forward-looking information for any reason, whether as a result of new information, future events or otherwise, except as required by applicable laws.