

Building a better & brighter future

2020 Sustainability Report



About This Report

Hydro One Limited (referred to as “Hydro One” or “the company”) is committed to building a better and brighter future for all. Through our business, we are growing and evolving to stand up for people, the planet and communities across Ontario.

Our 2020 Sustainability Report provides a balanced account of our environmental, social and governance (ESG) performance and is intended to provide stakeholders, partners, our customers and communities with a better understanding of how Hydro One manages the opportunities and challenges associated with our business.

Hydro One is committed to releasing an annual sustainability report and to continuously increasing the transparency and accountability of our ESG disclosures. We are guided in our reporting by the Global Reporting Initiative (GRI) core

sustainability reporting standards;¹ the Sustainability Accounting Standards Board (SASB);² the Canadian Electricity Association’s (CEA) Sustainable Electricity Company™³ designation; and our most recent **sustainability materiality assessment**.

For the first time, our report has also been prepared broadly following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).⁴ This initial TCFD disclosure report describes our company’s current efforts toward climate change and acts as a foundation for future reporting.

Hydro One’s Board of Directors, the company’s disclosure committee and

relevant leaders review and approve our annual sustainability report. As part of this year’s report, the greenhouse gas (GHG) emissions data for 2020 has been verified by GHD Limited.⁵

This report reflects our performance from January 1 to December 31, 2020. The information contained within this year’s report is for Hydro One Limited.⁶ In instances where data is only available for Hydro One Networks Inc. (Hydro One Networks), it will be noted with an asterisk (*). All financial figures are reported in Canadian dollars.

1 The GRI core sustainability reporting standards are global standards for sustainability reporting. The GRI index can be found in the appendix.
2 SASB is an independent non-profit organization whose mission is to develop and disseminate sustainability accounting standards that help public corporations disclose material, organization decision-useful information to investors. The SASB table can be found in the appendix.
3 Sustainable Electricity Company™ brand is a designation established by the CEA, based primarily on ISO 26000 Guidance on Social Responsibility.
4 The TCFD was established by the Financial Stability Board to develop consistent climate-related financial risk disclosures for use by companies, banks and investors in providing information to stakeholders. The TCFD table can be found in the appendix.
5 The letter of assurance from GHD Limited can be found in the appendix.
6 Through Hydro One Limited’s fully owned subsidiary Hydro One Inc., we acquired the business and distribution assets of Peterborough Distribution Inc. (PDI), and acquired Orillia Power Distribution Corporation (OPDC) in 2020. All financials in this report include PDI and OPDC from August 1, 2020 and September 1, 2020, respectively. No other data in the report includes PDI and OPDC as full integration did not take place until June 1, 2021.



Table of Contents

Message from Our Chair	3
Message from Our President and CEO	4
Hydro One At-A-Glance	5
Our Approach	8
People	13
Planet.....	24
Community	32
Appendices	49
Forward-looking Statements.....	67

Message from Our Chair



“We have already surpassed our Catalyst Accord commitment to achieve at least 30% female board members.”

Timothy Hodgson
Chair

Building a better and brighter future for all. Hydro One’s vision has been brought to life this past year by the extraordinary efforts of our employees at every level of the company as well as our partners in communities across the province.

As the pandemic underscored the importance for organizations to contribute to a more sustainable world, Hydro One has focused its effort to support customers and communities. Building a strong sustainability culture is a top priority for the Board of Directors and we have established a robust committee structure to oversee the company’s environmental, social and governance (ESG) program.

At the Board level, we now have greater oversight of ESG matters through the review and approval of the company’s sustainability priorities and goals. We are pleased that this year, the company committed to achieve net-zero greenhouse gas (GHG) emissions by 2050 with a target of a 30% GHG reduction by 2030.

In addition, we elevated the review of Hydro One’s annual sustainability report to the full Board, underscoring the improved transparency and accountability of our ESG disclosures.

This past year, we also reinforced Hydro One’s commitment to improving our safety culture and strengthening our partnerships with Indigenous communities by establishing the Board’s new Indigenous Peoples, Safety & Operations Committee.⁷ We also enhanced the Board’s governance structure to recognize the importance of regulatory and public policy matters within the electricity sector.

The challenges of the past year have highlighted the need for a more diverse, equitable and inclusive society. For our own part, we are working toward greater representation around the boardroom table. We are fortunate to benefit from diverse perspectives, with Indigenous representation and gender parity at the Board level. I’m pleased that we have already surpassed our Catalyst Accord commitment to achieve at least 30% female board members by 2022.

Leadership starts with the Board and we will continue to enhance the rigour and oversight of our governance practices. On behalf of the Board, I want to thank Mark and the Hydro One team for their unwavering support this past year, and for all the work you do to protect our people, the planet and the communities we serve.



⁷ Previously the Health, Safety, Environment and Indigenous Peoples Committee.

Message from Our President & CEO



“Hydro One stands ready to help Ontario emerge stronger from the global pandemic.”

Mark Poweska
President & CEO

It has been a difficult year filled with unparalleled uncertainty and historic challenges. With those challenges came the opportunity to energize life for our customers and communities in Ontario. From the outset of COVID-19, Hydro One has been focused on our responsibility to keep Ontarians safe and to power the province through the pandemic.

We have seen our Hydro One team rise to the challenge, and consistently go above and beyond to support one another, our customers and communities. Thanks to their efforts, Hydro One successfully executed our strategy while providing reliable power to Ontario hospitals, health care facilities, businesses and homes.

It has been a pivotal 18 months for our company. The pandemic has deepened our sense of purpose to energize life: put people first, protect the planet and keep Ontario communities safe and strong.

Put People First: In 2020, we altered the way we work in order to protect our employees while doing our part to prevent the spread of COVID-19. I am thankful the safeguards we put in place resulted in a low COVID-19 case incident rate at our workplace compared to the Ontario and Canadian national averages.

Our commitment to improving the safety culture at Hydro One is paramount and we have seen a steady decrease in the number of recordable injuries over the past 10 years. However, we experienced

a tragic loss of one of our employees in 2020 to a third-party motor vehicle incident and in 2021 we are again grieving the loss of an employee due to a roadside third-party vehicle incident. Our entire executive team is committed to eliminating life-altering serious injuries and fatalities at Hydro One and we have developed a strategy to achieve this goal and make sure all of our employees go home safely at the end of the day.

Protect the Planet: As one of the largest electricity utilities in North America, we are uniquely positioned to support the electrification of the province. Through our expansive grid and influence, we will help our customers, partners and suppliers to achieve their climate change goals and accelerate Ontario's transition to a low-carbon future.

We are doing our part to ensure Ontario's grid infrastructure remains flexible, resilient and prepared for the future. Hydro One's climate leadership is emphasized by our public commitment to achieve net-zero GHG emissions by 2050. Over the coming years, we will accelerate our climate mitigation strategies and explore new technologies to further reduce emissions.

Keep Communities Safe and Strong: Ontarians are counting on us and we are here for them.

We continue to support Indigenous partners, last year sourcing \$42 million in goods and services from over 80 Indigenous businesses. Partnering on projects and expanding long-term relationships with Indigenous communities will continue to be our focus. We continue to build strong relationships with Indigenous communities, customers and employees by supporting education and training, removing barriers and improving engagement while increasing business opportunities.

Through our Pandemic Relief and Connected for Life programs, we provided critical support to customers in their time of need, offering peace of mind and financial relief.

We also feel a deep responsibility to support the communities we serve through this crisis and we are proud to support 35 local organizations that are working to keep our communities safe.

We know many Ontarians feel uncertain about the future. Hydro One stands ready to help Ontario emerge stronger from the global pandemic, delivering safe and reliable power that will be critical to rebuilding businesses and promoting job creation, growth and investment across the province.

I want to thank our employees for energizing life for our customers and communities under such difficult circumstances. I am truly proud of what we have achieved this past year in support of our vision for a better and brighter future for all.



Hydro One's Business Network

Corporate Profile

Hydro One Limited (TSX: H)

Hydro One Limited, through its wholly-owned subsidiaries, is Ontario's largest electricity transmission and distribution provider with approximately 1.4 million valued customers, approximately \$30.3 billion in assets as at December 31, 2020, and annual revenues in 2020 of approximately \$7.3 billion.

Our team of approximately 8,700 skilled and dedicated employees proudly build and maintain a safe and reliable electricity system which is essential to supporting strong and successful communities. In 2020, Hydro One invested approximately \$1.9 billion in its transmission and distribution networks, and supported the economy through buying approximately \$1.7 billion of goods and services.

We are committed to the communities where we live and work through community investment, sustainability and diversity initiatives. We are designated as a Sustainable Electricity Company by the Canadian Electricity Association.

Hydro One Limited's common shares are listed on the TSX and certain of Hydro One Inc.'s medium term notes are listed on the NYSE. Additional information can be accessed at www.hydroone.com, www.sedar.com or www.sec.gov.



Hydro One's Business Network

Our Business Network and Role in Ontario's Electricity System

Our Rate Regulated Business

Transmission: Our transmission system transmits high-voltage electricity from nuclear, hydroelectric, natural gas, wind and solar sources to distribution companies and industrial customers across Ontario. Our system accounts for approximately 98%⁸ of Ontario's transmission capacity with approximately 30,000 circuit kilometres of high-voltage transmission lines. We also own and operate 25 cross-border interconnections with neighbouring provinces and the United States, which allows electricity to flow into and out of Ontario.

Distribution: Our distribution system is the largest⁹ in Ontario. It consists of approximately 124,000 circuit kilometres of primary low-voltage power lines serving approximately 1.4 million customers, mostly in rural areas. As well, Hydro One Remote Communities Inc. (Hydro One Remote Communities) serves customers in one grid-connected and 21 off-grid communities in Ontario's far north.

Our Other Business

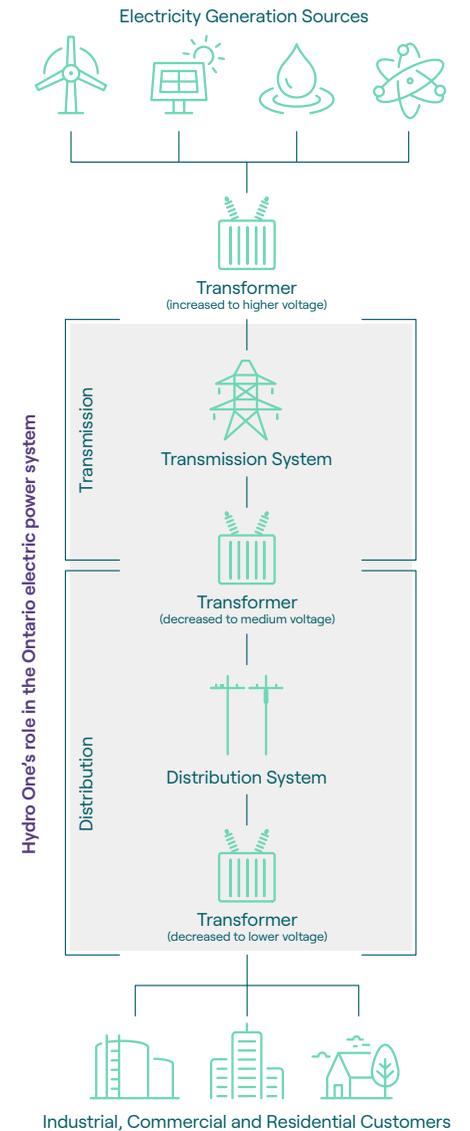
Our other business consists principally of our telecommunications business, Hydro One Telecom Inc. (Hydro One Telecom). Hydro One Telecom offers comprehensive communications and information technology services and solutions (for example, cloud services, managed services and security-based services) that extend beyond its fibre-optic network, in a competitive and commercial market. We also invested in Ivy™, a joint venture between Hydro One and Ontario Power Generation Inc. (OPG), which provides electric vehicle (EV) charging network services.

Our Role as a Transmission and Distribution Company

Our provincial transmission and distribution system safely and reliably serves communities throughout Ontario. Hydro One's transmission business operates and maintains most of the high-voltage transmission system that carries electricity from generators to local electric utilities or large industrial customers, such as manufacturers.

Through our distribution business, we also operate and maintain low-voltage distribution systems that carry electricity from transformer stations to distribution stations, to pole-top transformers through power lines, and into homes and businesses.

A mix of private companies and government-owned entities generate power for all of Ontario and the sources of power are determined by the Independent Electricity System Operator (IESO).



⁸ Based on revenue approved by the Ontario Energy Board (OEB).
⁹ Based on customers (per OEB yearbook).

Our 2020 ESG Highlights



- **Stronger Safety Culture** We launched an employee-led Safety Improvement Team that made concrete recommendations to improve the safety culture of our organization to eliminate life-altering serious injuries and fatalities at Hydro One. These recommendations have been incorporated into our multi-year safety implementation plan.
- **Best Employer, 6th Year** For the sixth consecutive year, Hydro One has been recognized by Forbes on its list of Canada's Best Employers for 2021, reflecting our commitment to create a diverse, inclusive and engaged workforce.
- **Emergency Response Award** The Edison Electric Institute (EEI) presented Hydro One with an Emergency Response Award, for its restoration efforts following a severe wind storm. This is the 11th award we have received from the EEI for demonstrating our industry-leading storm response and restoration efforts.



- **Sustainability Leadership** Our sustainability progress was again recognized, with Corporate Knights placing us on its annual list of Best 50 Canadian Corporate Citizens and the CEA redesignating Hydro One as a Sustainable Electricity Company.
- **Greener Ontario** We officially launched our innovative joint venture Ivy Charging Network™ (Ivy) to support a greener transportation sector. Since launching, Ivy opened 23 fast charging sites across Ontario, and is on track to have more than 160 fast chargers across approximately 60 locations in Ontario by the end of 2021. The network is designed to make charging on-the-go easy and convenient while supporting a better and brighter future for all through a greener transportation sector.
- **Pollinator Habitat Program** The Electricity Distributors Association awarded Hydro One with an Environmental Excellence Award for supporting Ontario's biodiversity through its Pollinator Habitat Program. Since the program started in 2015, more than 125 hectares of restored habitat have been created across the province.



- **Standing Up for Communities** Our community partnerships supported Ontarians through the COVID-19 pandemic, helping local and Indigenous communities respond to emerging and urgent needs for critical food, medical, safety and other supplies.
- **Progressive Indigenous Relations** We increased total procurement spending with Indigenous businesses to \$42 million, our highest annual spend to date. In addition, the Canadian Council for Aboriginal Business advanced Hydro One to a Silver level certification in its Progressive Aboriginal Relations program, from our Bronze level in 2017.
- **Supporting Customers** To address issues of affordability, we introduced measures to support our customers as they navigate the challenging times brought on by the COVID-19 pandemic. Through our Pandemic Relief Program, we provided financial assistance and increased payment flexibility to residential and small business customers experiencing hardship. We ensured customers experiencing hardship stayed connected by extending a ban on home and business disconnections and suspending late payment fees for all our customers.

Hydro One is committed to being an industry leader in sustainability. We understand that our long-term performance depends on incorporating sustainability into all aspects of our business. We remain focused on what matters – on standing up for people, the planet and communities across Ontario.

Our Approach

Priorities and Commitments	9
A Better Brighter Future	10



Our Approach

Our Sustainability Priorities and Commitments

Our vision for a better and brighter future for all guides our sustainability priorities. With the identification of our key ESG issues through our materiality assessment, we understand what matters most to our business, stakeholders, customers, Indigenous communities and community partners.

As a transmission and distribution company, we are focused on executing the sustainability priorities of our corporate strategy where we believe we can make the greatest impact: diversifying our talent across our workforce and creating an equitable and inclusive work environment; effectively managing the impact of climate change on our business, supporting Ontario in unlocking the electrification potential of our economy, and reducing our environmental footprint; and on strengthening our Indigenous and community partnerships in order to build the socio-economic capacity across the province.

In 2020, we made significant commitments to advance our performance in these priority areas. We plan to annually review our priority areas and publicly report our progress on achieving these goals in our future sustainability reports.



People



Diversity, Equity and Inclusion

PRIORITIES

- Set broader diversity and inclusion hiring goals
- Identify, eliminate and prevent systemic barriers in the workplace

GOALS

- Hydro One signed the BlackNorth Initiative Pledge and is committed to achieving 3.5% Black executives and board directors, and 5% Black student hires by 2025.
- As a signatory to the Catalyst Accord, Hydro One is committed to achieving at least 30% female executives and board members.

Planet



Climate Change Mitigation and Adaptation

PRIORITIES

- Achieve established targets for GHG reductions
- Continue to include climate change considerations in decisions and plans to ensure grid resiliency

GOALS

- Hydro One is committed to achieving net-zero GHG emissions by 2050. We have established a target to achieve a 30% GHG reduction by 2030.
- We plan to convert 50% of our fleet of sedans and SUVs to electric vehicles or hybrids by 2025 and 100% by 2030.

Community



Indigenous and Community Partnerships

PRIORITIES

- Continue to support the Ontario economy through partnerships
- Build safe communities by supporting youth initiatives that promote safety training and safe play

GOALS

- Hydro One is committed to increasing our Indigenous procurement spend to 5% of the company's purchases of materials and services by 2026.
- As part of our community investment program, we are committed to ensuring that 20% of our corporate donations and sponsorships support Indigenous communities.

Our Approach

A Better Brighter Future

Energizing Life: Our Vision, Mission and Corporate Strategy

Over the past year, our leadership team virtually connected with nearly 7,000 employees to share our vision, mission and strategy and to listen and learn from frontline employees about how they can best be supported in executing our strategy. These grassroots engagement sessions helped to connect the entire Hydro One team with the vision, mission and corporate strategy.

Our vision

is for a better and brighter future for all.

Our mission

is to energize life for people and communities through a network built for the possibilities of tomorrow.

Our corporate strategy

supports **Hydro One's vision**, driving us to deliver an improved safety culture, a more reliable grid for our customers, high customer satisfaction, sustainable business practices and a lower environmental footprint.



Management Approach and Governance

Strong governance strengthens our practices and performance, and upholds our values and standards in an ethically responsible manner. We have adopted a sustainability oversight and management structure to ensure accountability at all levels of the company.

Board-level Sustainability Oversight Hydro One's Board of Directors oversees the company's approach to environmental, social and governance matters relating to the long-term health and sustainability of the company. This oversight includes reviewing and approving the company's key sustainability priorities and its annual sustainability report.

The Board of Directors' Indigenous Peoples, Safety & Operations Committee¹⁰ is mandated to oversee the company's programs and approaches related to our sustainability objectives, including in the areas of Indigenous Relations, safety and the environment.

The Governance & Regulatory Committee¹¹ oversees Hydro One's regulatory, customer and public policy matters.

The Human Resources Committee oversees Hydro One's diversity, equity and inclusion programs and initiatives, and our wellness programs, including our support for employees' mental health.

¹⁰ Previously the Health, Safety, Environment and Indigenous Peoples Committee.
¹¹ Previously the Governance Committee.

Management-level Sustainability Oversight Hydro One's sustainability approach, program and strategy is overseen at an executive level by the Chief Corporate Affairs and Customer Care Officer, supported by the extended executive team with accountability in key areas – such as diversity, equity and inclusion, climate change mitigation and adaptation, and Indigenous Relations. These executives are critical to enabling the successful implementation of our sustainability program.

Due to its cross-functional nature, ESG is managed by various leadership level committees within the company. These include our:

- **Sustainability committee:** The Chief Corporate Affairs and Customer Care Officer chairs Hydro One's leadership level sustainability committee, which provides strategic advice and perspectives on current, emerging and key sustainability issues. This committee provides directional oversight for all other ESG-related committees at the company.
- **Climate change committee:** The Chief Safety Officer (CSO) chairs the leadership level environment and climate change committee that focuses on effectively managing environmental risks including the implementation of our climate change program.
- **Strategic policy committee:** The Chief Regulatory Officer and Vice President Stakeholder Relations co-chair the leadership level strategic policy committee, which is responsible for developing the company's strategic regulatory and policy positions and initiatives, including ESG considerations, for the company.

- **Diversity, equity and inclusion council:** The Senior Vice President Strategy and Growth and Vice President Tax co-chair this council whose role is to highlight and support the diversity, equity and inclusion programs throughout Hydro One.

Underscoring the importance of ESG, Hydro One directly links a variety of ESG measures to compensation outcomes through our short-term incentive plan. The 2020 Corporate Performance Scorecard included safety, system reliability and customer measures, with additional ESG indicators included on individual scorecards. We will continue to review the ESG indicators linked to our compensation plans as we further develop our program. For more information on how we integrate ESG measures into our compensation plans, please review our [Management Information Circular](#).

Our ESG program is guided by our [Code of Business Conduct](#) and supporting policies, which uphold our vision, mission and **values**. Our employees complete annual refresher training on the Code of Business Conduct, which includes information on our anti-fraud and anti-corruption policies. For more information on these policies and programs, please visit our [website](#).

Ombudsman The Office of the Hydro One Ombudsman provides a confidential, impartial and independent review of customer complaints that could not otherwise be resolved by the company. The Ombudsman reports directly to the Board to ensure independence. For more information, please visit the Office of the Hydro One Ombudsman at www.HydroOneOmbudsman.com

A Better Brighter Future

Customer, Partner, Stakeholder and Indigenous Community Engagement

More than ever, engaging with our customers, partners, stakeholders and Indigenous communities during the COVID-19 pandemic has been critical to addressing their evolving needs and to protect society's most vulnerable.

Throughout 2020, we leveraged technology to successfully and meaningfully engage with an even greater number of stakeholders and community members. Given that in-person engagement was not possible, we pivoted to virtual engagement through direct video calls, virtual public sessions, and virtual conferences.

The following table provides a snapshot of how we engaged with our stakeholders, partners and rights holders throughout 2020.



KEY EXTERNAL STAKEHOLDERS AND PARTNERS	HOW WE ENGAGE WITH THEM
<p>Customers</p> 	<ul style="list-style-type: none"> • Virtual engagement with Ontarians to inform the decisions in our upcoming investment plan • Proactive outreach to support customers struggling to pay bills • Regular satisfaction surveys and focus groups • Ongoing exchanges with account executives and customer service representatives
<p>Communities</p> 	<ul style="list-style-type: none"> • Dedicated Community Relations team • Virtual participation and presentations by Hydro One staff to communities to receive feedback on proposed infrastructure development plans • Community investment and sponsorship opportunities
<p>Investors</p> 	<ul style="list-style-type: none"> • Press releases, quarterly reports, quarterly investor and financial media calls, annual report • Virtual annual general meeting of shareholders • Virtual investor events • Directors, including Board Chair, as appropriate, engage virtually with shareholders
<p>Regulators and Government</p> 	<ul style="list-style-type: none"> • Advocacy on behalf of our customers for relief during the pandemic • Virtual interaction with all levels of government and our main regulator, the Ontario Energy Board • Advocacy on policy affecting our business including developing a regulatory framework that facilitates investment and operation of distributed energy resources; modernizing the environmental assessment process; identifying areas of growth across the province; and expanding broadband internet
<p>Unions</p> 	<ul style="list-style-type: none"> • Joint committees for key initiatives • Collective bargaining • Regular calls with the three largest unions to address the impact of the COVID-19 pandemic on the workforce and on other key issues
<p>Non-Governmental Organizations and Industry Associations</p> 	<ul style="list-style-type: none"> • Virtual participation in industry association conferences and events, councils, committees and working groups • Partnerships with industry associations and shared advocacy activities • Joint presentations to the regulator, the Ontario Energy Board
KEY RIGHTS HOLDERS	HOW WE ENGAGE WITH THEM
<p>Indigenous Communities</p> 	<ul style="list-style-type: none"> • Dedicated Indigenous Relations team • Virtual engagement with Indigenous communities to inform the decisions in our upcoming investment plan • Virtual community-specific engagement plans with capacity funding agreements for proposed major infrastructure development projects • Proactive outreach to provide Indigenous-owned businesses the opportunity to provide goods and services to Hydro One • Offering opportunities for employment and training for Indigenous community members • Community investment and sponsorship opportunities

A Better Brighter Future

Public Policy at Hydro One

Hydro One's approach to public policy is founded on the priorities of our corporate strategy and focuses on advocating for our customers and all Ontarians. In 2020, we targeted our efforts toward supporting our customers through the pandemic and successfully advocating for customer relief measures and greater choice in pricing plans.

We also considered Hydro One's role in the post-pandemic economic recovery. We are proud of the role we play in enabling economic growth through investments, supporting local jobs and helping rapidly growing domestic industries.

Looking forward, Hydro One plans to continue to consider the policy landscape and changes required to enable energy innovation – including the integration of distributed energy resources, the wider adoption of EVs and how energy infrastructure can be leveraged to enable broadband.




7,000+

households engaged in virtual town hall meetings


1.4M

customers reached through Your Power, Your Choice campaign


13,500

kits of emergency food and supplies sent to First Nations communities through GlobalMedic


210

virtual investor meetings


300,000

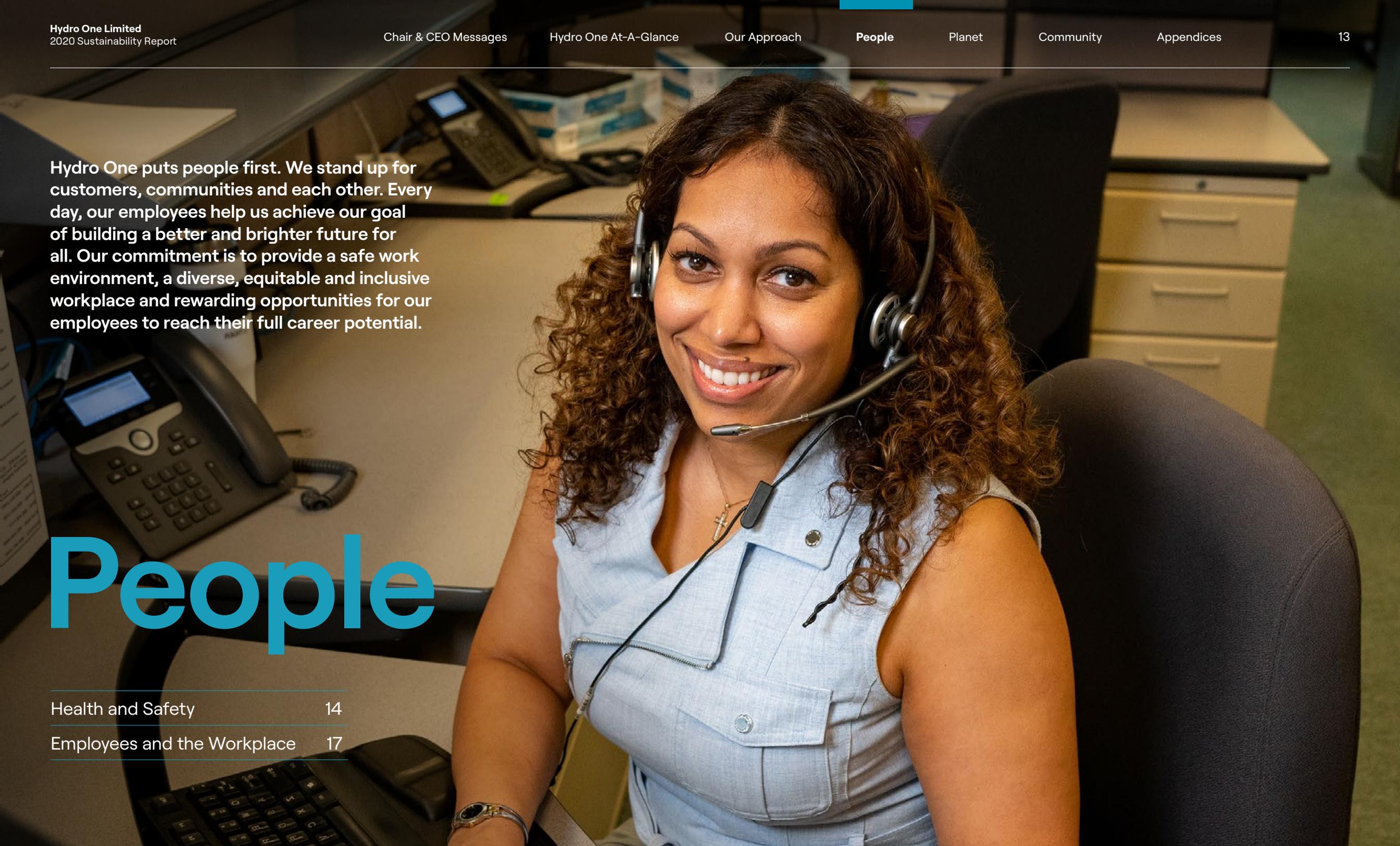
meals donated through Feed Ontario

Hydro One puts people first. We stand up for customers, communities and each other. Every day, our employees help us achieve our goal of building a better and brighter future for all. Our commitment is to provide a safe work environment, a diverse, equitable and inclusive workplace and rewarding opportunities for our employees to reach their full career potential.

People

Health and Safety 14

Employees and the Workplace 17



People

Health and Safety

Approach

As part of Hydro One's commitment to be the safest and most efficient utility, we realigned our health and safety leadership team in 2020 under the leadership of the CSO.

Our health and safety approach is guided by our Health, Safety and Environmental Management System (HSEMS),¹² which is aligned with the Occupational Health and Safety Assessment Specification (OHSAS) 18001 standard. Our system applies to all Hydro One activities, products and services, as well as to our contractors. We plan to update our HSEMS to align with the ISO 45001 standard, which will eventually replace OHSAS 18001.

¹² Hydro One's HSEMS is aligned with the International Organization for Standardization 14001 Environmental Management Systems and the Occupational Health and Safety Assessment Series 18001 internationally recognized standards. Our HSEMS is supported by various operational policies and related guidance documents as well as operational procedures and controls.

ESG Corner

Key ESG policies, programs and management systems guiding our actions include:

- Health and safety policy
- Public safety policy
- Health, safety and environmental management system (HSEMS)

Performance

Safety is at the core of everything we do. However, our leading recordable injury rate was muted by the tragic loss of an employee during the year to a third-party motor vehicle accident. We remain focused on eliminating life-altering serious injuries and fatalities through risk reduction strategies, implementing our overarching safety principles, and conducting investigations with enhanced corrective actions.

Near miss and safety catch reporting is a reflection of a strong safety culture and our employees' willingness to report events when they occur, since they can be a precursor to more serious incidents. A near miss is an unplanned event that had the potential to result in an injury, illness or damage. A safety catch is an unsafe condition or situation that could have resulted in an incident but did not due to a timely intervention.

In our drive for continuous improvement, we have an ambitious target in 2021 of increasing this number by 15% because we believe a high number allows us to understand trends, introduce best practices and improve performance. We continue to review the near misses and safety catches to incorporate trends into our training packages.

How an organization responds to events can greatly influence whether workers feel comfortable reporting incidents, which ultimately prevents serious injuries and fatalities.



Near miss and safety catch reporting is a reflection of a strong safety culture.

Health and Safety

Key Programs and Future Initiatives

To support our unwavering commitment to safety, we established an employee-led Safety Improvement Team. This team was comprised of 18 fully dedicated employees who all share a common goal – eliminating life-altering serious injuries and fatalities at Hydro One. The cross-functional team brought their different perspectives to the task of looking at how to improve immediate frontline safety issues and boosting the company’s overall safety culture.

The team connected with more than 4,200 workers across the company and completed an analysis of Hydro One’s historical safety performance. They took an in-depth look into the causes of recent life-altering serious injuries and fatalities, and a grassroots approach to understanding the current safety culture at Hydro One. The Safety Improvement Team also made connections with several external organizations, sharing lessons learned, organizational experiences and best practices.

From this work, the Safety Improvement Team put forth recommendations to help Hydro One improve its safety culture, which forms the foundation of our multi-year safety journey. These recommendations include:

- transforming our culture by creating a unified safety vision
- enhancing training for our apprentices
- simplifying our safe work principles
- creating a learning culture
- conducting investigations with enhanced corrective actions
- developing robust safety analytics capabilities
- simplifying the health and safety guidelines and procedures to make them understandable for our frontline employees

The safety improvement plan is supported by our Human Success program that is designed to create a safer work environment. The Human Success program combines five tools that help workers anticipate and catch errors, and learn from past events. This creates a working culture that empowers people to speak up and reinforces behavioural habits to minimize the likelihood of errors that may result in workplace injury, customer interruptions or damage to assets. We will continue to roll out this training across the business.

Our safety program also extends to support our employees’ mental health and we offer a variety of resources to support them. We provide virtual classes and trainings to our employees to address and promote mental health and resiliency in the workplace. An example of this is The Working Mind, an evidence-based program developed by the Mental Health Commission of Canada to promote mental health and reduce the stigma around mental illness in the workplace. In 2020, we saw an increase in employee uptake of these resources, with most virtual classes filling up quickly.

To remove the barriers to accessing mental health support, we also expanded our benefit coverage for our employees. We continue to offer our employees support, counselling and resources because we understand that good mental health will help us take care of ourselves while also becoming better advocates, team members, family members and friends.



Keeping Employees Safe from the Spread of COVID-19

Throughout the COVID-19 pandemic, our decisions and actions have been guided by two principles – protecting our employees and maintaining the safe and reliable supply of electricity to our valued customers and communities. Our Emergency Response and Business Continuity team coordinated our response to the COVID-19 pandemic. To substantially limit workplace outbreaks, we developed a COVID-19 safety plan that introduced modified work procedures, enhanced protective equipment protocols, active monitoring and reporting policies and workplace flexibility initiatives. We also added virtual care services (for an interim period) to ensure that employees and their families could access health care services from their homes. With our workforce experiencing few COVID-19 infections and workplace transmissions, this illustrated that our COVID-19 protocols were effective. We are confident that our COVID-19 safety protocols will continue to allow us to work safely and control the spread of COVID-19.



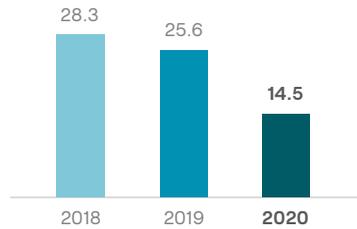
Health and Safety

We plan to take the following actions in 2021 to help us build a stronger safety culture at Hydro One:

- Roll-out the plan to deliver on the recommendations made by the Safety Improvement Team. This multi-year plan will help us to ensure everyone comes home safe at the end of the day.
- Provide Human Success training to all team members.
- Focus on reducing the stigma associated with mental illness in our workplace by ensuring people leaders have focused training that encourages them to demonstrate psychologically safe and healthy behaviours.

Lost time injury frequency rate
(days lost per 200,000 hours worked)¹³

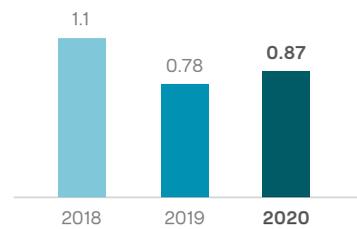
14.5



Our lost time injury frequency rate is declining as employees are needing less time off to recover from their injuries.

Total recordable injury rate
(number of recordable injuries per 200,000 hours worked)¹⁴

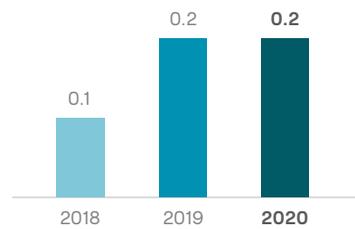
0.87



Our recordable injury rate increased slightly in 2020 but remained below 1.0, which is considered world class among peer utilities. Hydro One has made tremendous progress in reducing the rate of recordable injuries, which has declined by approximately 90% over the past 10 years.

Serious injury and fatality rate
(number of serious injuries and fatalities per 200,000 hours worked)

0.2



Our goal is to have a workplace free of life-altering serious injuries and fatalities. To help us on this journey we use the Edison Electric Institute guidelines for serious injuries and also conduct investigations after any serious or potentially serious event, which allows us to learn from the incident and improve our safety culture. Tragically in 2020 we had a fatality that resulted from a third-party motor vehicle accident.



Safeguarding Employee Wellbeing

We have taken many actions to safeguard our employees' mental, physical and financial health, but there is no doubt the past year of stress, strain and uncertainty has had an impact on their personal lives. In addition to our support programs provided to all employees, we also have specific resources to support our diverse employee groups:

- Diversity and inclusion webinars, which cover topics such as anti-racism, allyship and raising children to embrace diversity
- Our **employee resource groups** (ERG), which are voluntary, employee-led groups dedicated to fostering a diverse and inclusive work environment at Hydro One
- Our employee family assistance program (EFAP), which provides confidential support for employees and their loved ones' wellbeing. The EFAP program includes support for dealing with racism and gender discrimination

Our safety program extends to support our employees' mental health.



¹³ We are using a new online portal to calculate the lost time injury frequency rate and 2018 is now our baseline year. We have updated the 2018 and 2019 data accordingly.

¹⁴ As our performance started improving, in 2019 we began reporting this metric to two decimal points.

People

Talent

Approach

This past year has underscored that our people and culture are critical to the success of our business. We believe in investing in our people and preparing our workforce for our ever-evolving customer and business needs. We take a proactive approach to identifying and recruiting talent and to building the skills and capacity of our team. Enabling effective people leadership and developing employee capabilities is a key priority for Hydro One.

ESG Corner

Key ESG policies, programs and management systems guiding our actions include:

- > Code of Business Conduct
- > Diversity and inclusion policy
- > Workplace violence, human rights and anti-harassment procedure

2020 Performance

Despite the shift in our operations brought on by the pandemic, we continued to align our organizational and leadership structures and accountabilities to support our corporate strategy. In 2020, we advanced our talent management, recruitment, development and succession plans – all of which are critical to ensuring the execution of our long-term corporate strategy.

Our talent acquisition team filled 11 roles at the leadership level¹⁵ – including the Chief Operating Officer and Chief Human Resources Officer, and promoted internally for the role of Chief Safety Officer, Vice President Distribution and Vice President Customer Service. The majority of these leadership level roles were filled by internal candidates, of which 50% were female or diverse People of Colour.

Our succession planning seeks to ensure we have highly skilled and talented employees available and ready to step into senior leadership and other critical roles. Our 2020 talent review process yielded emergency replacements for all of our leadership roles and 79% of what we deem to be critical positions – those positions that perform a function without which it would be difficult to achieve our strategic objectives.

¹⁵ Considered to be Vice President level and above.

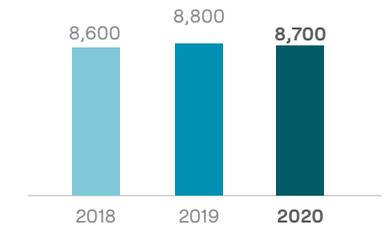


The majority of the leadership-level roles were filled by internal candidates, of which 50% were female or diverse People of Colour.

We successfully renewed two collective agreements with the Power Workers' Union (PWU) that are mutually beneficial. The agreements include extended physical and mental health benefits, with a renewed emphasis on diverse and inclusive practices, and provide Hydro One with the flexibility we require to successfully execute our corporate strategy.

Average number of employees¹⁶

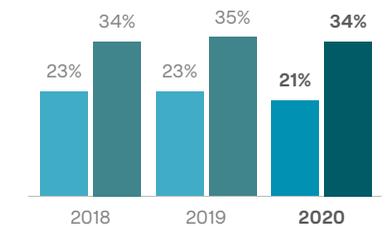
8,700



On average, Hydro One had 8,700 skilled and dedicated employees (approximate) in 2020.

Employees eligible to retire within five years/10 years

21%/34%



■ Five Years
■ 10 Years

The percentage of employees eligible to retire over the next five years is trending down, further relieving pressure on our workforce planning.

¹⁶ This number includes regular and non-regular employees.

Talent

The Power to Give

Employee giving campaign

Even during a challenging year our employees recognized the urgent challenges presented by COVID-19 and found creative ways to give back where we live, work and play.

Power to Give is Hydro One's annual employee-run fundraising campaign. It provides an opportunity for employees to connect to their communities, causes and colleagues.

Employee and pensioners donations

\$0.8M



In 2020, our employee and pensioner donations decreased, mainly related to COVID-19 restrictions which meant that traditional fundraising activities could not take place.

In 2020, this need for connection was greater than ever. Over the course of the year, we saw more than 80 employee Ambassadors from across the province help raise more than \$800,000 in funds, host virtual and in-person events and donate to local food banks. Our employees have shown us that each and every one of us has the Power to Give.

Heather Dearing, a Team Lead in Stations Construction Services, coordinated a province-wide food drive in areas where construction crews were working. The teams donated and personally dropped off over 6,000 food items and monetary donations to local food banks. Amid an urgent call for food donations, our employees are helping to address challenges facing many families during this unprecedented time.

Monica Deneire, a Customer Care and Indigenous Relations coordinator, worked with the Customer Care team to host multiple virtual events including a virtual 50/50 draw to raise over \$5,000 to support the Downie Wenjack Fund (DWF). The DWF aims to build cultural understanding and create a path toward reconciliation through awareness, education, and connections between Indigenous and non-Indigenous Peoples.

It is initiatives like these that build, strengthen and energize life in communities across Ontario.

2020 Power to Give Results



Over
\$210K

donated during
Power to Give months



80

local Ambassadors who
help raise funds for causes
across the province



Over
6,000

food items donated
by employees



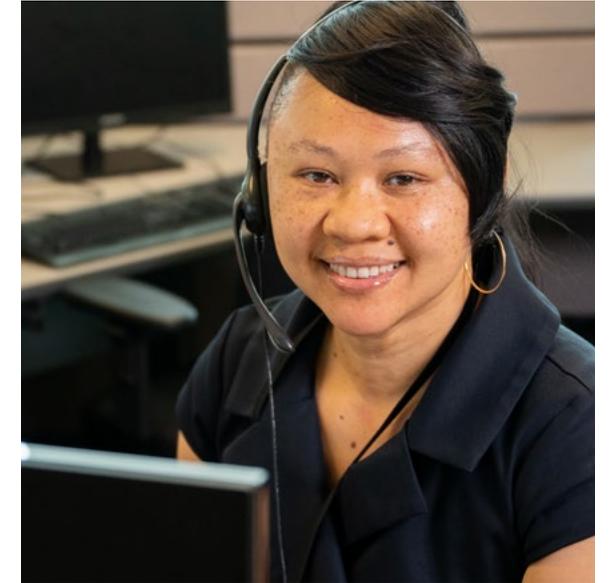
3,870

hours volunteered
by employees



\$800K

total amount raised by
employees in 2020



Talent

Great Partnerships

Our ability to problem-solve and be nimble throughout the pandemic would not have been possible without the partnership of our unions. We held daily discussions with our three largest unions on protecting the health and safety of our employees and to quickly respond to any emerging workplace issues. Union leadership were also invited to speak alongside the Executive Leadership Team during all-company calls designed to keep teams connected and informed as we adjusted our operations in response to the global pandemic.

Supporting Our Casual Workforce

Hydro One's casual workforce is made up of employees who are hired to perform specific jobs during the year. The collective agreements covering casual employees do not include paid sick leave, which is typical in our industry. As the pandemic evolved, we wanted to make sure we supported our casual workforce so they did not have to choose between their health, their family and a paycheck. When faced with an unprecedented province-wide shutdown in March, we felt it was only right to provide casual workers with two weeks' paid leave of absence. Later in the year, Hydro One also chose to provide casual employees with additional paid COVID-19-related sick leave and paid time off to be vaccinated, to help keep our employees, their families and our communities safe. We believe that Hydro One is the only one of our peers to provide this level of support to our casual workforce.



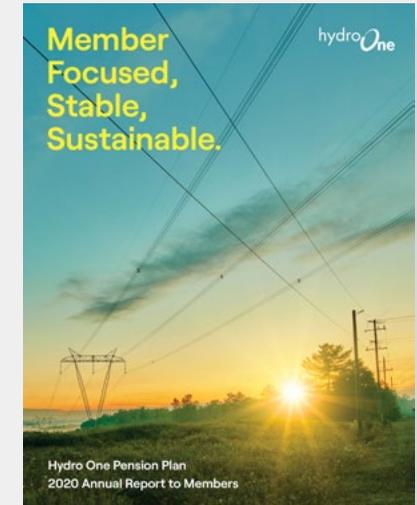
Key Programs and Future Initiatives

We encourage all Hydro One employees to learn and take the initiative to develop their capabilities. We provide professional development and training programs for both individuals and people leaders. Our annual performance management program holds every manager accountable for building effective teams and managing people. Through our tuition assistance program, Hydro One provides financial support for eligible programs that meet employees' career goals as well as the business needs of the organization.

Hydro One also provides safety, technical and environmental learning opportunities for employees. Our trades and non-trades staff benefit from safety and regulatory compliance training to help Hydro One meet our regulatory obligations. As a training delivery agent of the Ministry of Labour Training and Skills Development, we also provide technical learning opportunities to external utilities, government agencies and private companies.

We plan to take the following actions in 2021 to build a strong team:

- Continue to develop our people by providing development and critical growth opportunities to strengthen our internal talent pool.
- Renegotiate a mutually beneficial collective agreement with the Society of United Professionals, which represents approximately 1,800 Hydro One employees.
- Work with employees to provide safe opportunities to support important causes, achieving a 25% employee participation in Hydro One's Power to Give campaign.



Investing Responsibly

Hydro One's Pension Plan considers ESG factors in its investment monitoring framework and is aligned with industry best practices. The Plan's investment managers have, in varying ways, integrated ESG considerations into their investment process.

Over the past year, the Plan successfully developed a Responsible Investing Framework which outlines the plan's commitments and approaches to embed ESG considerations across its investments. The Framework sets out how it intends to enhance the way ESG factors are integrated into the investment decision-making process. The responsible investing initiative is a journey, and the Plan will continue to evolve its ESG practices along with industry best practices.

People

Diversity, Equity & Inclusion

Approach

We seek to create a workforce that reflects the diverse populations of the communities where we live and work. We benefit from a collaborative and inclusive culture sustained and complemented by the strength of different backgrounds, perspectives, ideas and insights. We value diversity, equity and inclusion and stand for racial equality at all levels of our organization. Hydro One is currently developing our new People strategy, which will reinforce our commitment to diversity and to creating an equitable and inclusive work environment where employees have a sense of belonging.

ESG Corner

Key ESG policies, programs and management systems guiding our actions include:

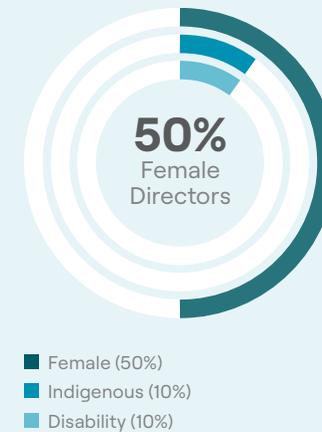
- > Diversity and inclusion policy
- > Diversity, equity and inclusion council

2020 Performance

We advanced many of our diversity, equity and inclusion (DEI) initiatives; however, much work remains. We began important conversations in 2020 to help broaden our understanding of diversity beyond gender and toward a more inclusive and equitable society. We are committed to ensuring our workforce better reflects communities across Ontario. We will continue to engage our employees as we transform our culture and align our new People strategy with our greater purpose of energizing life in Ontario.

At the executive level, representation of women and Indigenous people both decreased, while at the employee level, representation of both women and visible minorities remained steady during the year. We continue to partner with our unions to provide more inclusive and diverse workplace opportunities across our regular workforce and to develop diversity hiring goals, particularly for our field staff and apprentices.

Board Diversity¹⁷



Hydro One's Progressive, Gender-balanced Independent Board of Directors

We value diversity at all levels of Hydro One and our commitment extends to ensuring a gender-balanced Board of Directors. With the appointment of Stacey Mowbray, the current composition of our Independent Non-Executive Board is five women (50%) and five men (50%). We believe this balance makes us one of the most gender-progressive boards in North America, reflecting best practice in board diversity and surpassing our Catalyst Accord commitment to maintaining at least 30% female board members.

Based on self-identification, there is one board member that identified as an Indigenous person and one board member that identified as having a disability. To view the [Board's diversity policy](#), please visit our website.

The Catalyst Accord

The Catalyst Accord is a global non-profit organization dedicated to gender parity in the workplace. As a signatory to the Catalyst Accord, Hydro One remains committed to maintaining 30% female board members and 30% female executives. While we surpassed our Catalyst Accord commitments to achieve gender parity at the Board level, we did not reach our goal of representation of women in executive positions. With our strong pipeline of female talent at the Director level, we are still firmly committed to reaching this level of representation.

Our Commitment: Achieve 30% female board directors and executives.

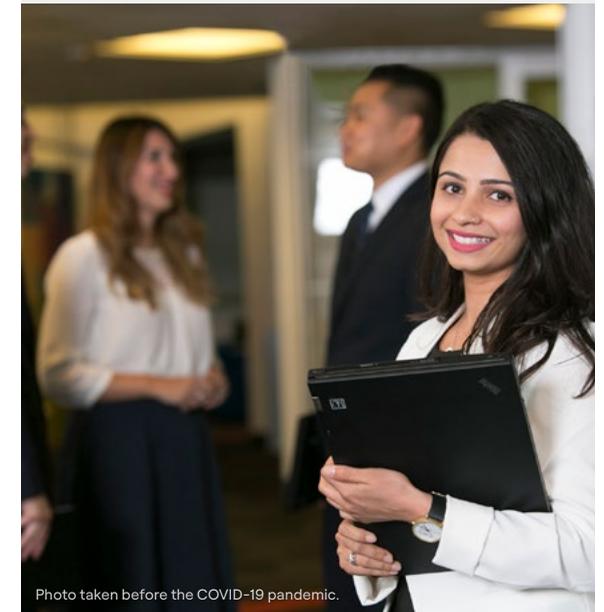


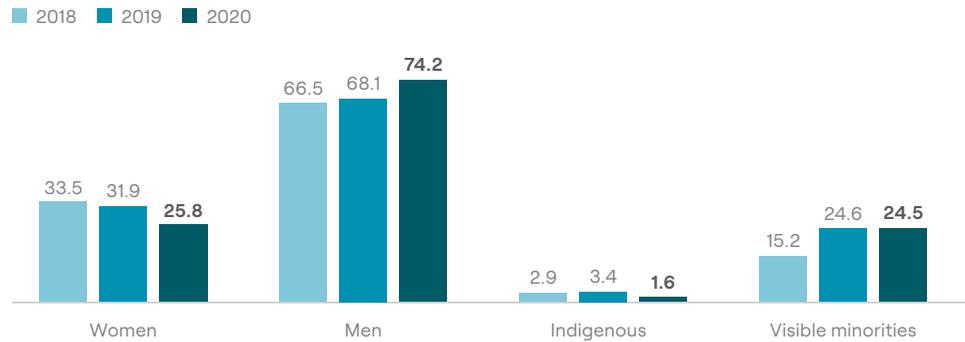
Photo taken before the COVID-19 pandemic.

¹⁷ Hydro One's Independent Non-Executive Board Members

Diversity, Equity & Inclusion

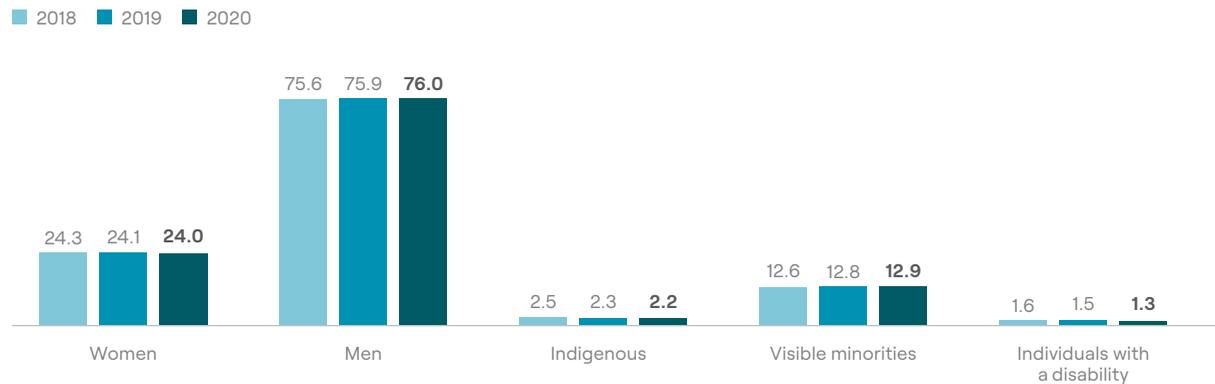
Diversity¹⁸

Executive diversity (% of executive management)¹⁹



Representation of visible minorities in executive positions remained steady, while representation of women decreased by approximately 6%.

Employee diversity (% of regular employees)



Representation of both women and visible minorities remained steady during the year.

¹⁸ Diversity data is based on employees voluntarily self-identifying. All percentages were calculated based on yearly averages for regular employees. Data for 2018 has been updated for comparison to 2019 and 2020.

¹⁹ Executive is defined as Vice President and above roles.

Diversity, Equity and Inclusion Symposium

We launched our DEI symposium in October as Hydro One's flagship DEI event. Our three largest unions – the PWU, Society of United Professionals (Society) and the Canadian Union of Skilled Workers (CUSW) co-sponsored the symposium.

Senior executives and our three largest union leaders participated as speakers and panellists in this virtual event, with participation at its highest level ever at 600+ employees. The theme, "Inclusive Leadership," recognized the strategic importance of inclusion throughout our organization for team problem solving, employee engagement and retention in delivering Hydro One's vision, mission and values.



Photo taken before the COVID-19 pandemic.

Diversity, Equity & Inclusion

BETTER BRIGHTER FUTURE

SPOTLIGHT ON DIVERSITY, EQUITY & INCLUSION: A conversation with Megan Telford, Hydro One's new Chief Human Resources Officer (CHRO).



Hydro One's DEI Symposium sent a strong message about our commitment to diversity, equity and inclusion, with many of our executive team articulating their personal commitment to DEI and how it connects to the company's business strategy and success. Megan Telford gave her personal perspective on why this matters to every employee at Hydro One.

Why is diversity, equity and inclusion important to Hydro One? It's important because it is core to our future. Having an inclusive culture where everyone feels a sense of belonging is critical to us realizing our potential and to creating an environment where innovation can flourish. We must listen to other perspectives and not assume we understand how others experience the workplace and / or their concerns or values. Having big statements and policy directives around diversity and inclusion is not enough. At the end of the day it comes down to people's personal experience and individual moments at work each and every day.

Is Hydro One where it needs to be on these issues? I'm proud of the work we're doing to achieve our vision of a better and brighter future for all. We are on a journey and are committed to learning and growing together.

As part of this journey, we held unconscious bias training sessions and continued to have conversations with our employees about diversity and inclusion to help us better understand the lived experience of our diverse employees inside and outside of the workplace.

In addition, we have a number of scholarship programs which align to our focus on early talent. We want diverse candidates joining us early in their careers so we can build a great talent pipeline and ensure critical experiences which prepares people for a strong career trajectory. Both our scholarships for Women in Engineering, and our **William Peyton Hubbard Memorial Award** for Black students are the first stepping stone towards strong future diverse leaders at Hydro One.

How does diversity of talent and inclusive culture fit within Hydro One's own culture and values? Great culture comes from realizing that what happens to you at work and what happens in your personal life are impossible to keep separate. This past year has taught us that we don't know what the future holds for any of us. We all face personal challenges that can arise quickly and unexpectedly, whether it's family health, serious illness or disability. We don't just need to treat people the way we want to be treated – we need to treat them the way they want to be treated.

There is absolutely no question in my mind that having diversity in all its forms, produces a better result – for yourself, your team, your organization. We'll never achieve greatness at Hydro One unless we allow ourselves to be challenged by different viewpoints. From a business and economic perspective, everyone wants to work for a great organization and you can't get there without understanding people's individual and different experiences. You need to give people the chance to do their best work in a place where they can thrive.

What are common diversity and inclusion challenges and how are you addressing them? I think one challenge is this idea that we can't find diverse talent. I've heard that for almost my entire career. But we know that this isn't true.

First, it is about effort – to actively seek out diverse talent, and to remove barriers in our recruitment and promotion process. Second, we must focus on early talent and development, who we're bringing into the organization, how we are recruiting and being disciplined about the experiences we'll provide. Employees just want a shot at the opportunity and showing us what they can do. And when you give people an experience, that's transformative to their career.

How can any of us demonstrate leadership on these issues? One of our core values is Stand for People. But I think we often expect the person on the receiving end of unfair treatment to always be the hero, to be the one who stands up and is courageous. And that's not okay. Real leadership, at any level, is about not putting the person on the receiving end of unfair treatment in the position of always having to advocate for themselves. We will never change the culture of Hydro One if we don't have these uncomfortable conversations and speak up for others. That is power and that is what will make a difference. Without leadership at all levels and people standing for people, people will not change.



Diversity, Equity & Inclusion

A Diverse, Equitable & Inclusive Society

In 2020, our CEO Mark Poweska joined 400+ other Canadian CEOs in signing the **BlackNorth Initiative Pledge** – which aims to move Canada toward ending anti-Black systemic racism and creating opportunities for underrepresented groups. We are committed to listening, understanding and examining our own assumptions in order to eliminate unconscious bias in the workplace and to promoting racial equity. We are also committed to identifying systemic barriers and putting plans in place to remove and prevent them in the future, all in an effort to advance racial equity.

Our Pledge Hydro One is committed to ending systemic Black racism and pledges to achieve 3.5% Black executives and board directors, and 5% Black student hires by 2025.

Key Programs and Future Initiatives

Hydro One is on a journey to better understand the experiences of Black, Indigenous Peoples, People of Colour and other marginalized employees in order to address systemic racism and biases, while creating an inclusive work environment for all.

As a start to fulfilling our commitments, our CEO and Executive Leadership Team hosted virtual conversations with over 100 Black employees to hear first-hand about their experiences with racism in our company and in their lives. We will use that insight to help develop programming to eliminate systemic barriers.

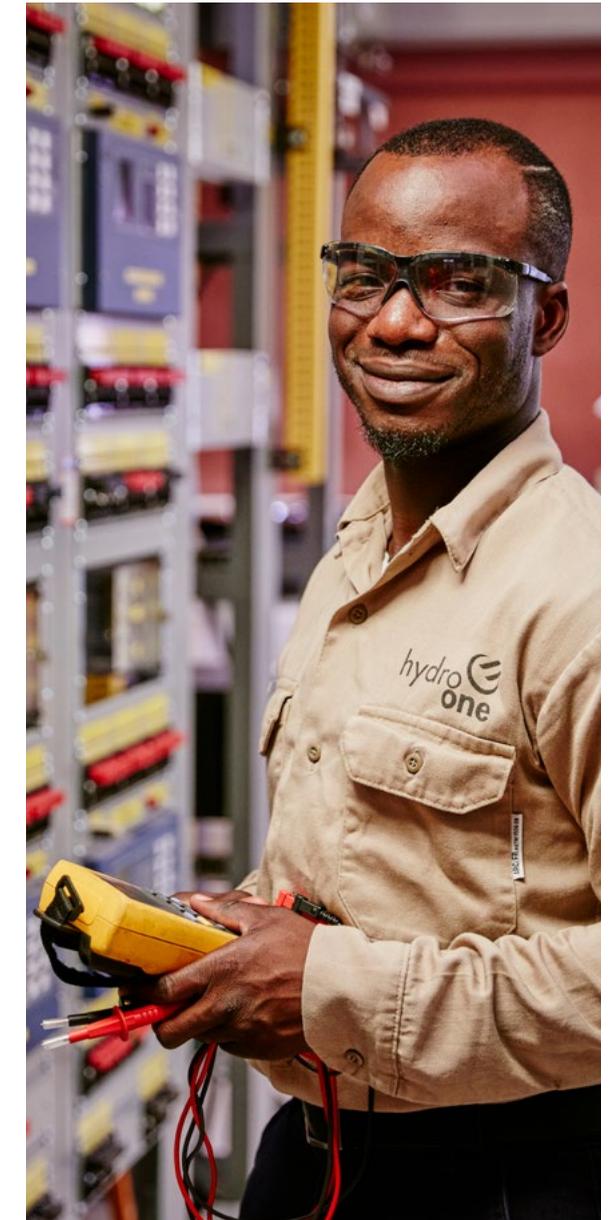
We introduced company-wide unconscious bias training for hiring managers, beginning with a session for the Executive Leadership Team. We will continue to roll out these sessions for all managers in 2021 and beyond. We also expanded our Step Up program to include training for office employees. Step Up addresses respect and psychological safety in the workplace by raising awareness about what is and is not appropriate workplace behaviour. It empowers and inspires employees to take action or step up when they see disrespectful and non-inclusive behaviour.

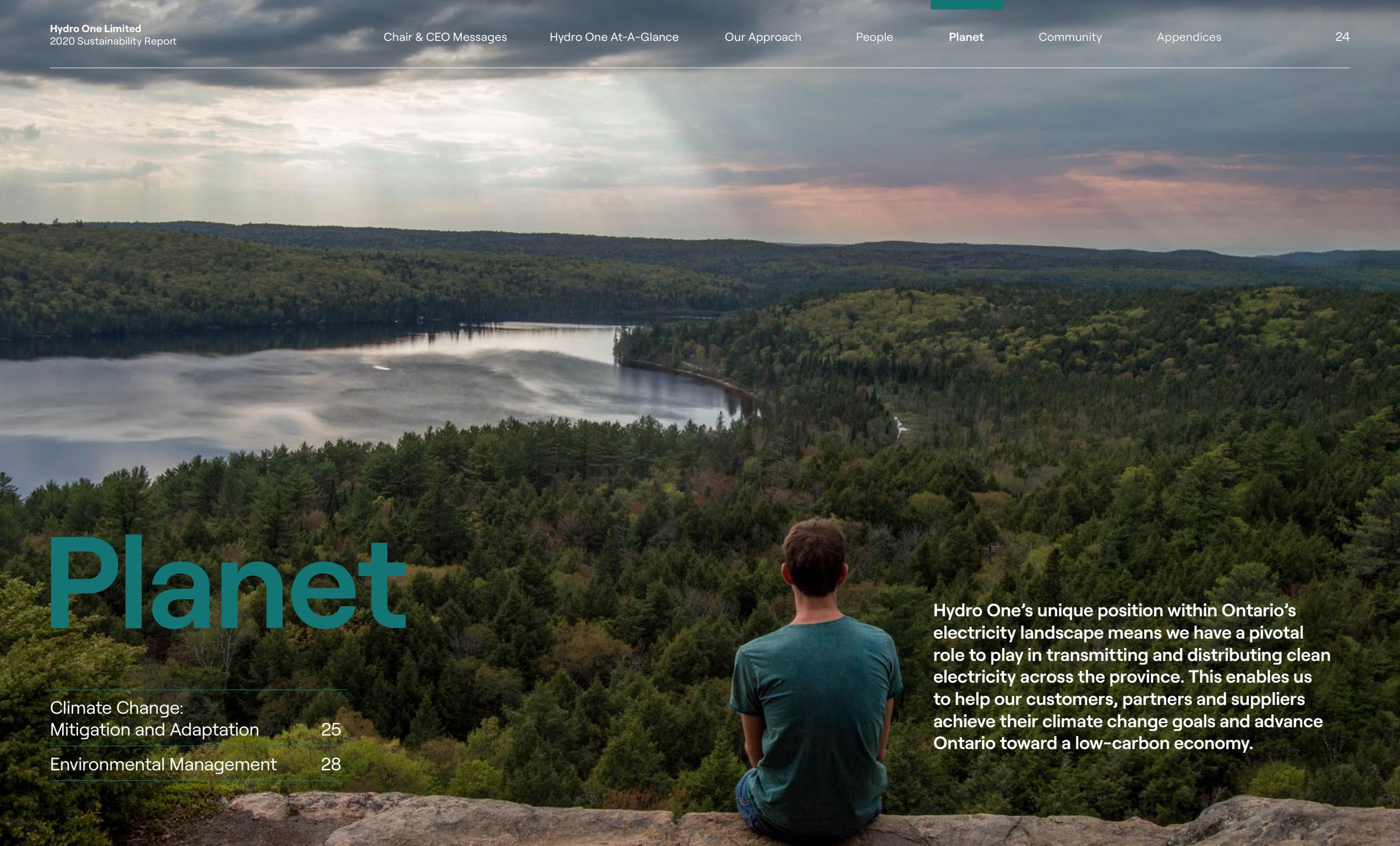
We continued to collaborate with our unions through our Diversity Committee, which is comprised of representatives from management, the CUSW, the PWU and the Society. We worked closely with the PWU to revise the joint-hiring process for electrical apprentices, which led to the hiring of almost 50% women apprentices, and made significant progress in hiring people who identify as visible minorities and Indigenous. We are currently reviewing opportunities to employ a similar updated process to apprenticeship hiring across our business.

We expanded Hydro One's **William Peyton Hubbard Memorial Award** for Black students attending an Ontario university from two to four recipients. We are also expanding our partnership with the **Black Professionals in Tech Network (BPTN)** to include networking, mentoring and learning opportunities.

We plan to take the following actions in 2021 to create a diverse, equitable and inclusive work environment:

- Roll out a new Hydro One People Strategy which will highlight our focus on diversity, equity and inclusion, and foster a work environment where our employees are valued, feel a sense of belonging and are supported.
- Conduct a refreshed employee survey which will look to provide insights on key engagement measures. Results of the engagement survey are expected to provide a holistic view on what is working well at Hydro One, alongside opportunities to be addressed. Embedded within our employee survey will be a diversity questionnaire, providing employees with the opportunity to self-identify as belonging to a diverse group.





Planet

Climate Change: Mitigation and Adaptation	25
Environmental Management	28

Hydro One's unique position within Ontario's electricity landscape means we have a pivotal role to play in transmitting and distributing clean electricity across the province. This enables us to help our customers, partners and suppliers achieve their climate change goals and advance Ontario toward a low-carbon economy.

Planet

Climate Change: Mitigation and Adaptation

Approach

We are creating a better and brighter future for all Ontarians by focusing on reducing our carbon footprint and creating a resilient grid for the future. At the management level, climate change is governed by a cross-functional leadership level committee and guided by our environmental policy and climate change management strategy.

Low-Carbon Energy Mix

Ontario has one of the lowest carbon-emitting electricity grids in North America.

Ontario's electricity sources are largely carbon-free – Hydro One transmits and distributes electricity that is approximately 96%²⁰ carbon emission-free²¹ and our GHG emissions are estimated to account for only 0.2% of Ontario's total GHG emissions.²²

ESG Corner

Key ESG policies, programs and management systems guiding our actions include:

- Environmental policy
- Climate change policy
- Climate change management strategy
- Grid resiliency strategy
- Climate change committee

2020 Performance

For 2020, Hydro One is reporting Scope 1 and Scope 2 GHG emissions. These emissions have been verified by a third party.²³ We have calculated these emissions using the most recent Canadian emission factors published by Environment and Climate Change Canada in April 2021.

Hydro One's total reported GHG emissions²⁴ in 2020 are estimated to be 344,722 metric tonnes of carbon dioxide equivalents (tCO₂e).

Our Scope 1 emissions are predominantly from our vehicle fleet, fuel consumption,²⁵ fossil fuel-based electricity generation in Hydro One Remote Communities operations²⁶ and sulfur hexafluoride (SF₆)²⁷ releases. Scope 1 emissions increased by approximately 9% in 2020 as compared to the 2018 baseline year, due to an increase in SF₆ releases and a slight increase in emissions from Hydro One Remote Communities fossil fuel generation. It is anticipated that these emissions will be reduced in the future through an enhanced SF₆ management program and as northern communities are connected to the electricity grid.

GHG Emission Classification

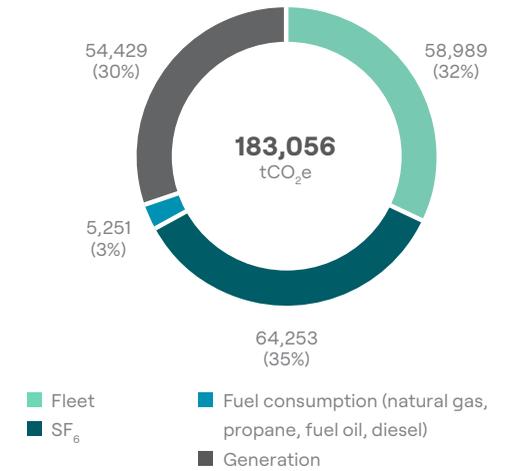
Scope 1 - Direct emissions from sources owned or controlled by Hydro One (e.g., use of fossil fuels in our owned and operated fleet vehicles).

Scope 2 - Indirect emissions from the generation of acquired and consumed electricity, steam, heat, or cooling from sources owned or controlled by an external organization (e.g., from energy purchased for use in our facilities and GHG emissions related to transmission and distribution).

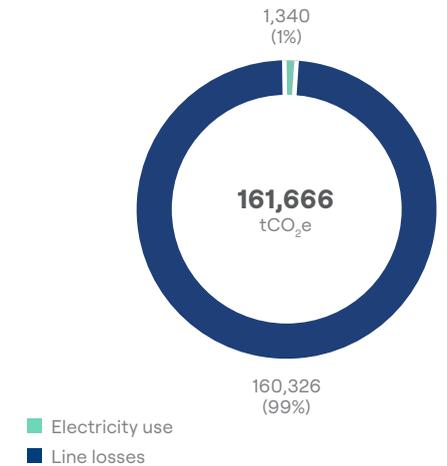
The primary source of Scope 2 emissions²⁸ is related to line losses which are determined by the energy lost as heat when we move power and the energy mix in the province. Scope 2 emissions were approximately 3% lower than our baseline emissions from 2018 primarily due to reduced line losses attributable to changing energy demands.

20 As determined by the Canadian Energy Regulator.
 21 The average Ontario system grid emissions five-year average is 32 gCO₂e/kWh (2015–2019). Source of data: Canada's National Inventory Report, 1990–2019, Part 3, Annex 13, Table A13-7: Electricity Generation and GHG Emission Details for Ontario.
 22 All data is from the Environment and Climate Change Canada's National Inventory Report 1990–2019: Greenhouse Gas Sources and Sinks in Canada, Part 3. Hydro One's emissions are those that directly relate to the electricity sector.
 23 GHD Limited verified Hydro One's GHG Emissions report for the compliance period of January 1 to December 31, 2020. The letter of assurance can be found in the appendix.
 24 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 1990–2019 and Global Warming Potential (GWP) from the IPCC Fourth Assessment Report (AR4).
 25 Fuel consumption includes natural gas, propane, fuel oil and diesel.
 26 Hydro One Remote Communities Inc. serves 22 communities in Ontario's north. Due to the lack of grid connection to the majority of these communities we serve (all but one), they generate electricity to meet their obligation under Section 26 of the *Electricity Act, 1998*.
 27 SF₆ is used to insulate high-voltage circuit breakers and gas-insulated switchgear.
 28 Scope 2 emissions are not directly controlled by Hydro One and are subject to the composition of energy generated and dispatched through the Ontario grid for consumption.

Scope 1 Emissions²⁹



Scope 2 Emissions



29 R22 is not represented on the graph as it's less than 1% of Scope 1 emissions, at 134 tCO₂e.

Climate Change: Mitigation and Adaptation

Key Programs and Future Initiatives

Mitigation Strategies

In 2020, Hydro One evaluated existing and likely future emissions reduction initiatives and forecasted several mitigation scenarios for GHG emissions reductions.

We have begun tracking our GHG emissions on a quarterly basis and reporting them to our Executive Leadership Team and Board of Directors. We discuss our material environmental risks, including climate change, in our [annual report](#). As we continue to align our disclosures with the TCFD recommendations, we will further enhance our communications on the risks and opportunities posed by climate change on our business and provide transparent disclosures on our progress to achieving our goals.

In 2020, Hydro One avoided approximately 7,560 tCO₂e of emissions as a result of renewable energy technology, conservation programs, the expansion of the Ivy network and the increase of customers choosing the e-billing option on their bill. These avoided emissions are equivalent to a year's exhaust from approximately 2,316 passenger vehicles.³⁰

Adaptation Strategies

Hydro One owns and operates vital infrastructure necessary to help Ontario achieve its climate change goals and transition toward a low-carbon economy. The transmission system has already connected over 5,500 MW of renewable generation with significant wind, solar and biofuel capacities. On the distribution system almost 4,000 MW of distributed energy resources are already deployed in Ontario and we expect this to be an area of further growth. With nearly 10,000 MW of renewable generation already connected to the Ontario transmission and distribution system, Hydro One is one of the industry leaders in North America when it comes to the integration of clean energy resources.³¹

BETTER BRIGHTER FUTURE

Setting GHG reduction targets



At Hydro One we recognize the vital role we play in helping Ontario communities grow and thrive – now and in the future. We emit a small amount of GHG emissions but we believe that we have a responsibility to lower our footprint even further.

We are excited to announce our commitment to reduce our **GHG emissions by 30% by 2030** and to **achieve net zero emissions by 2050**.

These are ambitious targets that will require us to substantially reduce our emissions and work with government and industry to advocate for a cleaner energy mix in Ontario.

Our current plan will see us making reductions from fleet vehicles, SF₆ gas releases and facility energy efficiency and include programs to:

- Decrease the amount of fossil fuels Hydro One's vehicle fleet consumes. We plan to convert 50% of our fleet of sedans and SUVs to electric vehicles or hybrids by 2025 and 100% by 2030.
- Reduce SF₆ gas releases and leaks by identifying and replacing equipment that contribute to leaks, improve gas handling through training and eliminate, whenever possible, the usage of SF₆ in our equipment.

- Continue to install building automation and energy efficiency technologies at our facilities to help reduce overall energy consumption, including enhanced web-enabled thermostats, sensors and controllers.
- Pursue renewable generation opportunities to reduce Hydro One Remote Communities' dependency on diesel fuel to generate power.
- As required, we will also investigate future opportunities to reduce emissions including carbon capture initiatives – such as tree planting and biodiversity initiatives and consider carbon avoidance or offsets.



We remain focused on what more we can do to support Ontario in unlocking the electrification potential of our economy to mitigate climate change. To achieve this, Ontario's grid requires a continued focus and investments in efficient, smart and flexible system infrastructure. Smarter and reinforced transmission and distribution infrastructure will play an important role in integrating additional renewable electricity generating capacity, such as large-scale wind and solar generation assets and smaller decentralized renewable sources, as well as managing interconnections, ensuring security of supply and a resilient grid.

Weather has significant impacts on the planning, design and operation of electricity transmission and distribution systems. This can impact the safe and reliable operations of the electricity grid and the delivery of vital electricity to Ontarians across the province. Preparing the grid to withstand future weather changes is a priority at Hydro One.

To better understand the impacts of weather on our grid and to align with the TCFD, we held workshops during the year to conduct climate-risk assessment and scenario planning. This work was important to assess potential impacts on our business under different climate scenarios, including a 2°C or lower scenario. Please see our TCFD disclosure in the appendix for additional information.

³⁰ Calculated from <https://oee.nrcan.gc.ca/corporate/statistics/neud/dpa/calculator/ghg-calculator.cfm>

³¹ Based on IESO data and the 2020 Annual Planning Outlook.

Climate Change: Mitigation and Adaptation

Storm preparedness and response

Increasing grid resiliency to quickly recover from events remains a priority. In addition to our restoration plans and practices, our operations teams are working to minimize the risk of trees coming in contact with our electricity lines as that might cause an outage. We are also implementing telecommunication and monitoring technologies to improve our understanding of where there are problems on the lines that could lead to outages and to enable emergency restorations remotely to minimize customer impact. Finally, we continue to employ advanced forecasting techniques to predict weather impacts, which allows us to take a proactive approach to preparing for bad weather by positioning our crews, support resources and equipment in areas expected to be the most affected by storm. The positive impact of these activities continues to improve our outage response times.



We are pursuing a number of initiatives to build a grid that is reliable, resilient and flexible while balancing our environmental responsibility. In 2020, we took the following actions to harden our grid against the impacts of climate change:

- Incorporating new design criteria to improve grid resiliency against severe weather events such as standardizing the use of taller, stronger poles.
- Continuing our efforts to upgrade and modernize our storm response performance from storm tracking, damage assessment and repair work management while also improving the quality of our outage communication with our customers. Technology enhancement, innovation and process improvements will be key to help us reduce storm outage duration for our customers.

The Edison Electric Institute presented Hydro One with an Emergency Response Award for its restoration efforts following the severe windstorm in November.

Getting the lights back on after a storm

A severe windstorm swept across much of southern and central Ontario in mid-November, with gusts reaching up to 100 km per hour and taking down trees, power lines and other critical equipment. In its path, over 500 poles were damaged and over 542,000 customers were left without power.

As the bad weather travelled across the province, Hydro One's Customer Contact Centre handled more than 53,000 customer calls. Crews faced challenging conditions to restore power, and in certain areas, they used specialized off-road equipment and helicopters to assist with restoration efforts.

Hydro One tracked the storm as it developed and was able to mobilize crews and equipment early to be able to respond to affected customers as quickly as possible. Many of our customers used our new online power outage reporting tool to report a power outage in their area. Our online Outage Map and app, along with text or email notifications, are updated every 10 minutes as crews assess damage on the ground. Customers can sign up in advance to receive text or email alerts at HydroOne.com/MyAccount, visit Hydro One's [outage map](#) or download our free app from their app store.



We plan to take the following actions in 2021 to mitigate GHG emissions and adapt to climate change:

- Track and drive progress against GHG reduction targets.
- Continue to identify, evaluate and monitor all potential climate-related risks and opportunities facing Hydro One.
- Include climate considerations in our asset investment plans.
- Heighten our focus on adaptation programs and investments including:
 - Update technical requirements and standards for new facilities and the renewal of existing facilities, informed by learnings from past extreme events.
 - Renew and enhance critical infrastructure that enables an interconnected and flexible transmission grid with our neighbours.
 - Automate the grid and deploy grid modernization solutions to improve outage response times and minimize customer interruption impacts.

Planet

Environmental Management

Approach

Climate change is one of the four key programs at Hydro One which addresses our highest environmental risks – the others are environmental stewardship, resource management and contaminated land management. We regularly review our activities to assess the risk of impacting the environment, based on the likelihood and severity of impact.

Our environmental management programs, under our combined HSEMS, have been effective in helping us address any emerging industry-wide issues. In 2020, we reviewed our priority risks and while our key programs remained unchanged, we did identify that there is a heightened interest in our projects by Indigenous communities during our environmental assessments (EA).

A key element of the EA process is engagement with the public and Indigenous communities to identify and address their environmental interests in the project. The heightened awareness and concerns of Indigenous communities must be understood and considered mindfully through this environmental process to enhance project planning and avoid delays. In response, we continue to support Hydro One’s rigorous approach to stakeholder consultation and Indigenous community engagement.

ESG Corner

Key ESG policies, programs and management systems guiding our actions include:

- Environmental policy
- Environmental stewardship plan
- Resource management plan
- Contaminated land management plan
- Spill response program
- Land assessment and remediation program
- Avian protection plan
- Invasive species guidance documents
- HSEMS

Hydro One proactively engages with communities, government officials and agencies, and interested persons and organizations during the EA process. We actively support participation of potentially impacted Indigenous communities from the earliest stages of project planning throughout the entire EA process.

Performance

Our environmental management programs play a critical role in helping us identify and manage our impacts on the natural, built and social environments, as well as in reducing our environmental footprint. Potential impacts are identified through technical studies, stakeholder consultations, engagement with Indigenous communities and other actions, with the highest impacts generally associated with our transmission capital projects.

Our environmental management plans and components

Environmental stewardship plan	Environmental planning; Indigenous and community relations; biodiversity enhancement; land management; heritage resources
Resource management plan	Air, water and waste management; chemical management including polychlorinated biphenyls (PCBs)
Contaminated land management plan	Spills and land assessment and remediation

The environmental assessment process allows us to identify the potential environmental effects of our projects and apply mitigation measures where necessary.



Environmental Stewardship Plan

Our environmental work is guided by our commitment to actively consult with communities, partners and stakeholders to inform, seek input and address their concerns. Our goal is to build partnerships based on trust and cooperation. These practices are incorporated in our infrastructure projects and programs through the execution and completion of EAs, the environmental permitting process and by developing and implementing environmental protection plans. This approach allows us to identify the potential environmental effects of our projects, both positive and negative, and apply mitigation measures where necessary.

In 2020, we conducted EA activities to identify the potential impacts of our capital work and mitigate any negative impacts. This included key new transmission lines, mainly the Waasigan Transmission Line and Chatham to Lakeshore Line. In addition, we integrated project-specific biodiversity initiatives into six capital projects.

Environmental Management



Environmental Protection Plans (EPPs)

A critical factor in advancing our capital projects is implementing EPPs on measures we are taking to mitigate potential environmental impacts. These EPPs often include measures to protect or minimize impacts to natural habitats, water courses, built heritage assets and archaeological features. They must also consider materials such as soil, groundwater, equipment assets or building materials to be managed in execution of the project. We may offset any impacts of our projects through biodiversity enhancements, land and material management practices, or community initiatives.

In 2020, Hydro One began formally tracking EPPs as an indicator of improved performance. We prepared EPPs for 156 projects, demonstrating our commitment to reduce our environmental footprint. In 2021, we are targeting to prepare EPPs for all capital transmission projects where we anticipate there is a potential impact on the environment or where environmental approvals and permits are required.



Resource Management Plan

We have well-established programs for matters relating to water and waste, and we continue to phase out the use of PCB-containing equipment on our grid. As of 2020, we assessed, planned for or removed oil-filled electrical equipment with ≥ 50 ppm PCBs from over 62% of the grid and have appropriately disposed of PCB waste according to planned targets and legal requirements. We remain on track to achieve a complete PCB phase-out by 2025, in accordance with federal regulations. We also assessed the effectiveness of our programs to manage wastewater controls at our station sites. Although controls were generally effective and no significant gaps were identified, some minor improvements were recommended and have since been implemented.

In 2020, Hydro One generated 154,000* tonnes of solid waste in the operation of our facilities. We strive to minimize waste generated by our operations and were able to recycle approximately 11,000* tonnes of this solid waste.

We achieved approximately \$40.4 million* in savings during 2020 for costs or materials related to our material recycling, recovery programs and technology enhancements in our fleet. We also received rebates from our recycling of metal and oil from our transformers – in 2020, we recycled over 1.9 million* litres of oil and solid waste, resulting in approximately \$2.9 million* in rebates.

Contaminated Land Management Plan

Hydro One has well-established processes regarding the management of contaminated lands, including a spill response program and a land assessment and remediation program.

Hydro One's team of specially trained responders share on-call duties providing 24 hour/7 days per week spill management services, supported by external environmental contractors. Our goal, when responding to spills, is to prevent or mitigate potential impacts on the environment and to minimize customer service interruptions. In 2020, we recorded 438 spills*, with 100 spills* resulting from weather-related events. We recovered 98%* of the liquid materials that were spilled, exceeding our target of a 90%* recovery.

In 2020, we also remediated or assessed 23 Hydro One sites that have been historically contaminated, exceeding our planned target of 21.



Environmental Management

Number of environmental inspections, orders and warnings*

Number of Inspections/Investigations by Ministry of Environment, Conservation and Parks and Ministry of Environment and Climate Change Canada

2018	2019	2020
4	11	14

Number of Inspections/Investigations resulting in orders/actions being issued

2018	2019	2020
0	0	0

In 2020, 14 inspections were conducted by either provincial or federal environmental regulatory agencies, pertaining to the storage of PCB waste and other waste material at Hydro One’s waste management storage sites, as well as to the compliance of Hydro One stations to conditions outlined in provincially regulated Environmental Compliance Approvals. No non-compliance issues were identified as a result of these inspections and no orders were issued to Hydro One by environmental government agents.

Key Programs and Future Initiatives

Pollinator Habitat Restoration Partnership As a pollinator innovator, Hydro One is committed to enhancing pollinator habitat under our electricity lines and around our station properties. With thousands of kilometres of power line corridors across the province, we are finding innovative ways to use our corridors to support environmental sustainability. This includes focusing on natural habitats, protecting rare plant and animal species when trimming hazardous trees, installing nest platforms to support osprey habitat, and planting pollinator-friendly plants across the province.

In 2020, we began a three-year partnership with the Canadian Wildlife Federation (CWF) to create and study pollinator habitat in eastern Ontario. Hydro One planted over five hectares of rights-of-way near Smiths Falls in the fall of 2020 to be used as a study location for the CWF. We piloted an innovative seed mix that uses a seed ‘coating’ and we are working to identify further planting locations in 2021 for eastern Ontario.

“One of our key environmental objectives at Hydro One is to identify and integrate biodiversity management approaches into our activities,” said Elise Croll, Director of Environmental Services. “It is our priority to support the communities where we work and live. This three-year project ensures we can continue to energize life for people and communities while also protecting Ontario’s pollinator species, including bees and butterflies. In 2020, we helped create another 20 hectares of pollinator habitat across the province.”



Highlight: A Monarch butterfly recovery project in eastern Ontario’s Lanark County is now blooming thanks to Hydro One’s partnership with the CWF. The Monarch population has declined by more than 80% over the past 20 years; however, Canada is home to millions of kilometres of rights-of-way such as roads and electricity lines. That’s an immense opportunity for pollinator habitat restoration for thousands of species, including bees, flies, moths, butterflies, wasps and beetles.

We recycled over 1.9 million* litres of oil and solid waste, resulting in approximately \$2.9 million* in rebates.

We plan to take the following actions in 2021 to advance our key environmental programs:

- Continue to advance PCB phase-out initiative and implement recommendations to improve our wastewater controls.
- Prepare EPPs for all capital transmission projects where we anticipate a potential impact on the environment or where environmental approvals and permits are required.
- Remediate or assess 24 Hydro One sites that have been historically contaminated.
- Enhance our tracking of spills to identify preventable spills and determine whether any recommendations could be made to reduce these spills. Continue to target a 90% recovery rate of liquid spills.
- Continue ongoing partnership to support fish spawning and juvenile-rearing habitats for brook trout on Hydro One property in Wesleyville.

Environmental Management

BETTER BRIGHTER FUTURE

Protecting Ontario's Biodiversity



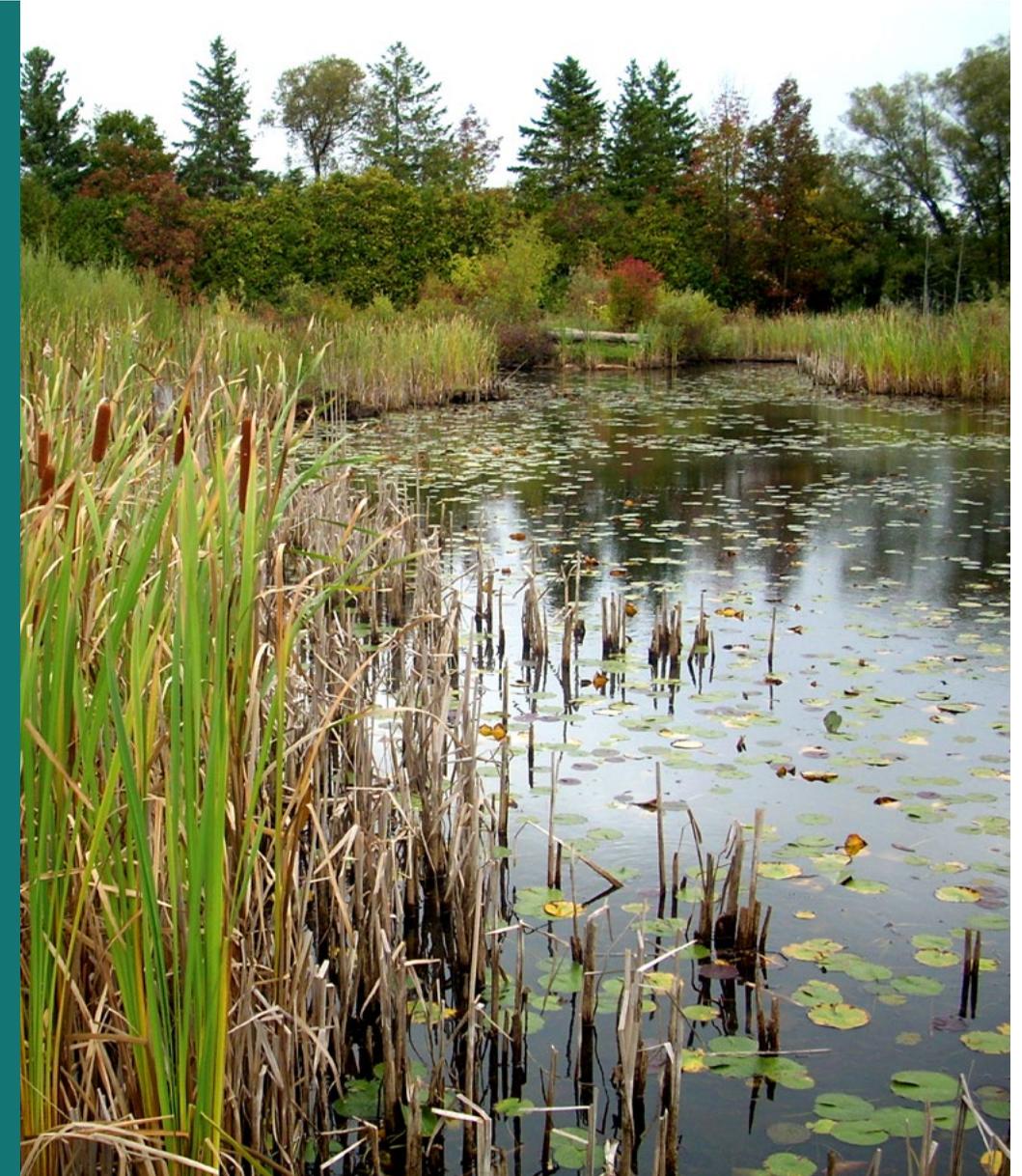
Butterflies, bees and bats – all are important to the health of local ecosystems and our province's agricultural and horticultural sectors. Hydro One works closely with our community and environmental partners to conserve and protect these critical creatures and the natural habitats they depend on for life.

Our biodiversity management plan guides us to pursue leading best practices for biodiversity. Our efforts focus on minimizing the impact of our large capital projects on natural habitats and ecosystems *and* working with our partners to introduce pollinator-friendly plants across the province.

In order to achieve our biodiversity goals, we adhere to the recommendations of the experts on our environmental services team. We also conduct awareness training sessions with Hydro One teams across the province on environmental field considerations, including biodiversity management planning and species at risk practices and requirements.

Hydro One is advancing a number of initiatives designed to conserve and protect Ontario's biodiversity including:

- Our work with local seed distributors to develop and test pollinator-friendly seed mixes. Pollinators include various forms of bees, wasps, ants, flies, moths, beetles, bats and birds. These species feed on nectar and pollen from plants and their populations in Ontario are generally in decline due to habitat loss, disease, pesticide use and climate change. To mitigate this, Hydro One is working to incorporate pollinator-friendly seed as part of our vegetation management work in appropriate areas as an alternative to grass seed.
- The publication of internal guidance documents related to invasive species, and new in 2020, our avian protection plan.
- Projects to protect fish and improve local species habitat, including one designed to improve culverts to allow for upstream migration of fish to spawning and juvenile-rearing habits for brook trout on Hydro One properties. This is an ongoing partnership with OPG and Ganaraska Region Conservation Authority to study and improve habitat for brook trout in the Wesleyville Creek watershed.



Community

Thriving Communities	33
Indigenous Relations	35
Community Relations	38
Customer Service	41

Hydro One is committed to being a trusted partner to Indigenous communities, customers, industry stakeholders, government and all Ontarians. This past year, we stood with our partners in working to ease financial hardships and to protect society's most vulnerable people. We will continue to stand with communities, customers and partners to promote a more inclusive economic recovery and a more equitable future for all.

Community

Thriving Communities

Approach

Hydro One has a critical role to play in helping Ontario emerge stronger from the COVID-19 global pandemic. Not only do we stand ready to help power Ontario's economic recovery, we continue to generate direct economic value in the province by investing in our communities, hiring locally, paying taxes and buying goods and services from local and Indigenous suppliers.

As a partner in the province's economic recovery, regional suppliers play a large role in supporting our work programs and projects. In 2020, we updated our supplier code of conduct to align with international best practices. This included adding more explicit language relating to the International Labour Organization's guidelines on minimum wage, humane working conditions and child labour.

Performance

In 2020, 82% of our total spend was in Ontario³² where we added approximately \$1.4 billion in economic value to cities, towns and communities through our purchase of local goods and services, a \$200 million increase over 2019.

ESG Corner

Key ESG policies, programs and management systems guiding our actions include:

- > **Supplier code of conduct**
- > Supply chain policy
- > **Indigenous procurement procedure**

Energizing Economies

- **\$8.32 billion** in economic value distributed³³ across Canada
- **\$1.4 billion** of goods and services purchased from Ontario suppliers
- **\$42 million** of goods and services purchased from Indigenous businesses
- **8,700 people** directly employed by Hydro One

In order to mitigate the impacts of COVID-19, our team implemented an assurance of supply strategy. The team procured additional inventory – such as wire and cable, pole line hardware and conductor hardware – to ensure there was sufficient supply of material and equipment to support our work program. The team also contributed to safe operations for employees by securing scarce PPE and safety supplies. We also made early commitments to key suppliers in order to guarantee the on-time delivery of critical materials and collaborated with our peers to refine specifications to make it easier for manufacturers. We developed a five-year sourcing plan, which is refreshed annually, that further addresses security of supply by diversifying our supply base, including identifying additional local suppliers.



82% of our total spend was in Ontario.

³² We define Ontario goods and services purchased by the vendor address.

³³ 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.

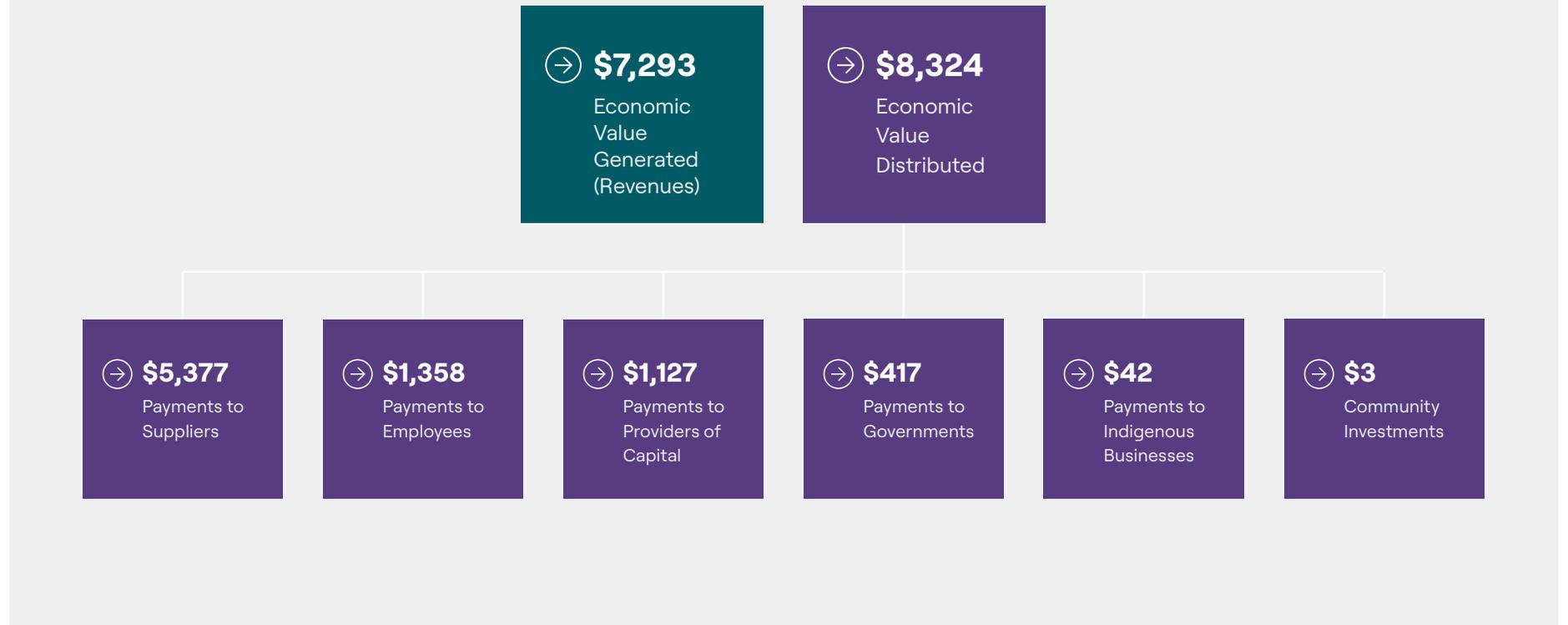
Thriving Communities

\$8.32B in economic value distributed across Canada



Economic Value Distributed³⁴

Economic Value as of December 31, 2020.
All amounts approximate, in millions of dollars.



³⁴ Hydro One operates within the OEB's regulatory framework for electricity transmitters and distributors, which is designed to support the cost-effective planning and operation of the electricity network and to provide an appropriate alignment between a sustainable, financially viable electricity sector and the expectations of customers for reliable service at a reasonable price. As Hydro One operates in a regulated environment, the OEB approves both the revenue requirements and the rates charged by Hydro One's regulated transmission and distribution businesses. Under the OEB's regulatory framework, the rates are designed to permit the company's transmission and distribution businesses to recover the allowed operating costs and to earn a formula-based annual rate of return on its rate base. Rate base represents the company's investments in sustaining and developing capital assets. This regulatory framework has the effect of deferring the generation of revenues into future periods over the useful life of the capital assets. This number does not include economic value generated or distributed outside of Canada.
Economic value generated includes revenues and gains on asset dispositions.
Economic value distributed includes capital expenditures which is recovered in revenues over the life of the asset as per OEB's regulatory framework. The capital expenditure amounts are presented as gross figures and include all payments related to capital work. Therefore, they are different to the year-end numbers presented in our 2020 financial statements.
Payments to suppliers include the cost of goods and services provided by vendors and contractors in Canada, including amounts paid for the cost of power. Excludes amounts paid to Indigenous businesses as separately disclosed.
Payments to employees include wages, taxable benefits and severance paid to employees and pensioners per T4 and T4A info, in addition to health and dental benefits and annual share grants – excludes PDI and OPDC.
Payments to providers of capital include dividends paid, interest paid on debt, and costs to secure capital including amounts paid to credit agencies.
Payments to government include amounts paid for income taxes, excise taxes, payroll taxes and property taxes. Excludes deferred taxes.
Payments to Indigenous businesses include amounts spent on the purchase of goods and services.
Disbursements to communities include amounts paid for community investment donations and sponsorships.

Community

Indigenous Relations

Approach

Hydro One Networks and Hydro One Remote Communities serve approximately 100 First Nation communities across Ontario. We are committed to building long-term relationships with these communities. Our approach is evolving to be more innovative and proactive – with a new vision and strategy dedicated to meaningful engagement, integrity, and to removing barriers to advance opportunities in procurement, economic participation, employment, cultural awareness and diversity.

Our Indigenous Relations strategy supports Indigenous inclusion and reconciliation as outlined by the Call to Action #92 of Canada’s Truth and Reconciliation Commission.³⁵ Hydro One will continue to strive for industry-leading and innovative engagement with Indigenous communities through open dialogue, respect for cultural traditions and knowledge, all underpinned by trust-based relationships.

ESG Corner

Key ESG policies, programs and management systems guiding our actions include:

- > [Indigenous Relations policy](#)
- > [Progressive Aboriginal Relations program of the Canadian Council for Aboriginal Business \(CCAB\)](#)

Performance

In 2020, we continued to strengthen Indigenous business partnerships recognizing the increased socio-economic capacity of Indigenous businesses across the province. We evolved our internal service delivery model to support capital projects, enhanced our relationships with Indigenous communities and broadened internal awareness and understanding of Indigenous issues and opportunities.

We continued to work to address barriers that exist for Indigenous candidates in the hiring process. While we did not achieve our hiring goals for Indigenous employees, due in part to the impact of COVID-19, in 2021 we are undertaking a systemic review of our hiring processes to improve overall outcomes.

³⁵ The Truth and Reconciliation Commission of Canada’s Calls to Action commit to a renewed nation-to-nation relationship with Indigenous Peoples based on recognition of rights, respect, cooperation and partnership.



Photo taken before the COVID-19 pandemic.

We are committed to increasing our Indigenous procurement spend to 5% of the company’s purchases of materials and services by 2026.

While several Indigenous communities closed their borders to visitors in order to limit exposure to COVID-19, Hydro One respectfully adapted to these realities and hosted numerous public community engagement sessions and meetings online. Post-COVID-19, we will review opportunities to enhance our online engagement which has, in some cases, made communication more efficient. However, we still plan to continue to focus on reconnecting with Indigenous communities through in-person meetings.

Indigenous procurement spend (\$ millions)

\$42.0M



In 2020, we increased total procurement spending with approximately 80 Indigenous businesses to \$42.0 million, our highest annual spend to date. Our five-year target is to increase our Indigenous procurement spend to 5% of the company’s purchases of materials and services by 2026.

Indigenous Relations

Key Concerns	Actions Taken to Address Issues
<ul style="list-style-type: none"> Indigenous communities are experiencing poor electricity reliability 	<ul style="list-style-type: none"> Implemented a First Nations electricity reliability improvement strategy with proposed targeted capital investments for both distribution and transmission assets servicing First Nations communities in our upcoming investment plan
<ul style="list-style-type: none"> Indigenous communities are still struggling with electricity affordability 	<ul style="list-style-type: none"> Offered new support programs for residential customers and for small businesses/registered charities with overdue amounts owing from one or more previous electricity bill(s) incurred since the start of the pandemic
<ul style="list-style-type: none"> Indigenous communities have expressed increased concerns related to connection process and timelines 	<ul style="list-style-type: none"> Streamlined the connection process and timelines and provided additional support to Indigenous communities by presenting an overview of the household and three-phase power connection processes to support economic growth
<ul style="list-style-type: none"> Indigenous communities expressed interest in more procurement, ownership and other business opportunities 	<ul style="list-style-type: none"> Increased visibility of procurement opportunities for Indigenous businesses
<ul style="list-style-type: none"> Indigenous communities expressed concerns with their capacity to engage on projects and that engagement has become harder due to COVID-19 	<ul style="list-style-type: none"> Evolved our engagement techniques to online/virtual which has helped advance consultations where appropriate. Alternatively, if virtual engagement has not been appropriate, considered adjustments to project timelines



We fast-tracked \$32.9M in payments to 124 Indigenous and small business suppliers in Ontario.



Supporting Indigenous and Small Businesses During COVID-19

To assist Indigenous and small businesses with cash flow during the first wave of the pandemic, our team planned and executed an accelerated payment program for the first time in its history. Identified businesses were automatically enrolled and payments were issued within two to three business days of invoice, regardless of contractual payment terms. In total, we fast-tracked \$32.9 million in payments to 124 Indigenous and small business suppliers in Ontario to help with much needed cash flow, including \$18 million to 55 Indigenous businesses in 2020.

We also worked with the **CCAB** to identify CCAB-certified Indigenous businesses that could provide safety supplies and PPE for Hydro One employees and contractors. We made several purchases through these sources and as Hydro One's safety supply and PPE needs continue to evolve, these suppliers will be contacted first for availability and quotes.

Indigenous Relations

BETTER BRIGHTER FUTURE

Indigenous Training Partnership Transforming Hydro One



Hydro One is working with organizations in a skills training program that is profoundly changing lives – the Line Crew Ground Support (LCGS) program for Indigenous Peoples. This program is a partnership between the Congress of Aboriginal Peoples in Ottawa and the CUSW, along with support from the Infrastructure Health and Safety Association (IHSA), and Kagita Mikam Employment and Training in Sudbury.



Karly Meness is a member of the Algonquins of Pikwàkanagàn First Nation located in the township of North Algona Wilberforce. Karly completed the 14-week IHSA LCGS program in Ottawa.

“I was given a life-changing opportunity through this course. Since joining Hydro One, I have been grateful to meet such friendly and welcoming co-workers. As a Ground person, I’ve been handling various hardware and getting familiar with the many names they’re called along with their uses. I help strap down loads of material, equipment and assist with delivery to work sites. Recently, I’ve been learning to read tower blueprints and assist with building. My favourite part of the job so far has been framing poles. I’ve recently enrolled in the lines apprenticeship program, which will further my career. My future excites me for all the upcoming learning opportunities.”

To date, seven Indigenous trainees who completed the IHSA’s LCGS program have joined the Hydro One family. The graduates have completed safety modules and hands-on training for job site tasks, including pole line construction, working at heights, hoisting and rigging as well as crane operation.

Key Programs and Future Initiatives

As a company that puts customers first, we virtually engaged with First Nations and Métis communities on Hydro One’s upcoming investment plan. These consultations helped inform our investments and guide our views on affordability, service levels, and sustainability over the next five years. Along with targeted phone interviews, 23 First Nations communities participated in a digital survey to provide their input. We also undertook phone interviews with the Métis Nation of Ontario (MNO) leadership and shared a survey for distribution to its members. During this phase of engagement, First Nation and MNO communities expressed interest and support for the key objectives of our proposed investment plan.

We also continue to work hard to make meaningful progress on engagement for two major capital projects that are expected to provide long-term economic benefits to several Indigenous communities – the Waasigan Transmission Line and the Chatham to Lakeshore Line.

With respect to economic benefits associated with these projects, the discussions have focused on maximizing the participation through:

- Offering opportunities for equity investment.
- Assistance in securing financing to ensure financial barriers are not an impediment to exercising an equity investment option on these projects. This assistance will also ensure that maximum proceeds from this investment will flow directly to the community.
- Opportunities for community businesses to perform project services and construction of the assets.
- Training and skills development to ensure meaningful employment participation.

This proactive approach to economic participation is aimed at positioning Hydro One as a leader in economic reconciliation by providing investment opportunities on large greenfield projects. This provides long-term and meaningful opportunities for communities which in turn supports our business growth strategy.

The events of 2020 have strengthened our resolve to play an active role in the post-COVID-19 economic recovery of Indigenous communities by increasing Indigenous business procurement, advancing equity-ownership opportunities in projects and hiring additional Indigenous Hydro One team members.

We plan to take the following actions in 2021 to strengthen our Indigenous partnerships:

- Implement Hydro One’s Indigenous Relations strategy.
- Continue to support Indigenous businesses by working with our teams to further expand Indigenous participation in our project work plans and supplier contracts.
- Provide significant economic participation opportunities for Indigenous groups in major capital projects.
- Deliver additional Indigenous cultural awareness training to employees, executives and Board members.
- Continue to support education and training guided by the needs and priorities of Indigenous communities.



Community

Community Relations

Approach

Our shared success depends on our ability to build trust as a reliable partner and good neighbour for our communities and the people of Ontario. We are committed to sharing the benefits of our socio-economic development initiatives, building consensus and investing in our communities. During this unprecedented time, Hydro One is finding new ways to energize life in the communities where we live and work.



ESG Corner

Key ESG policies, programs and management systems guiding our actions include:

- International Association of Public Participation guidelines
- Community investment policy

Performance

We integrate community considerations into the earliest stages of asset planning and design for our capital projects, always seeking to strike a balance between Hydro One's plans and community needs.

The pandemic changed how we engaged with communities, requiring us to pivot to individual conversations instead of hosting public events. We hosted over 100 meetings with customers, communities and stakeholders related to forestry work and capital projects. We also supported our municipal partners by participating in three regional municipal conferences, where we offered all cities and towns the opportunity to meet with us directly. These meetings helped to strengthen our relationships with municipalities across the province.

For our Waasigan Transmission Line and Chatham to Lakeshore infrastructure projects, we engaged nearly 7,000 households through telephone town hall meetings to gain feedback on these projects. We also established the Waasigan community roundtable, which will act as a strategic advisor to Hydro One throughout the development and eventual construction of the line. The roundtable is comprised of key stakeholders from municipalities, economic development agencies, labour, post-secondary and industry groups.



\$3.1M in community investment spend across Ontario.

Connecting Communities to Broadband

A key concern for rural Ontarians has been the lack of access to high-speed internet. The COVID-19 pandemic has only exacerbated that concern as we have been forced to work, live and learn from home. The government of Ontario has developed an ambitious plan to expand broadband access and Hydro One has been an engaged and active partner.

We are committed to supporting this plan and doing our part to support the communities where our customers live, work and play. One of the ways we are doing this is by updating our operations to allow internet providers to easily connect their telecommunication equipment to our poles. This will allow more communities to get online sooner and faster.

Community Relations

Community Investment

COVID-19 challenged communities and stretched the charitable sector’s ability to meet the needs of Ontarians. Food security, mental health, health care and shelter continue to be critical issues facing local communities, while charitable organizations large and small are struggling to compete for funding.

In light of this, we continued to support our existing charitable partners as they adapted to the COVID-19 pandemic and we formed new partnerships to address emerging and urgent needs resulting from the pandemic.

Community investment donations and sponsorships

(\$ millions)

\$3.1M



Hydro One’s community investments for 2020 increased as we provided additional support to communities in light of the pandemic.

Helping our partners adapt to the impact of the COVID-19 pandemic:

- **Scouts Canada adapted its Head Safe programming** – which focuses on preventing, treating and recovering from head injuries – to support resiliency in young people through promoting outdoor play and providing their safety programs in a virtual space.
- **Advanced Coronary Treatment Foundation** – which provides high school students with CPR and defibrillation training – adapted its life-saving training to reach young people virtually.

Forming new partnerships to address urgent needs and protect society’s most vulnerable:

- Hydro One supported Feed Ontario’s COVID-19 Emergency Food Box Program, donating \$300,000 worth of food through customer, employee and social media campaigns.
- Hydro One’s support to Indigenous communities included funding to GlobalMedic and the Métis Nation of Ontario’s pandemic relief fund.
- In response to growing concern about the impact of the COVID-19 pandemic on mental health, we partnered with Jack.org, to provide free and accessible mental health resources to young people across Ontario through their *Jack Talks* program. We also hosted three virtual community talks and two virtual employee talks to arm young people and their parents with the tools to identify and respond to the signs of mental distress.

Energizing Communities



770,000

people (approximately) across Ontario supported by our community giving program, Building Safe Communities



13,500

food and safety kits delivered to Indigenous communities we serve



\$300,000

worth of food donated to Feed Ontario



\$3.1M

in community donations and sponsorships



\$800,000

raised through our employee-led Power to Give campaign



150+

communities (approximately) reached across Ontario



Community Relations

Key Programs and Future Initiatives

COVID-19 brought serious challenges to many communities that worked tirelessly to meet critical and emerging local needs. In response, we launched a new fund as a new way to support those who provide services to Ontarians – helping to strengthen community resiliency and safety. Charitable organizations, municipalities and Indigenous communities applied for up to \$25,000 toward pandemic response efforts and initiatives that improve physical and emotional safety. From supporting wellbeing through an outdoor trail or delivering meals to vulnerable populations, the fund helps local organizations build a better and brighter future for their communities.

As part of the BlackNorth Initiative, we pledged to give at least 3% of our corporate donations and sponsorships to promote investment and create economic opportunities in the Black community. Building on our core value of safety, we have made a contribution to the RiseUp™ program (powered by Kids Help Phone), which is Canada's first and only 24/7 mental health support service specifically for Black youth.

We are committed to allocating 20% of our community investment to support Indigenous communities.



Standing with Indigenous Communities

Through outreach to Indigenous leaders, we established that food and water were among the top needs facing Indigenous communities during COVID-19. Hydro One partnered with GlobalMedic, a registered Canadian charity specializing in disaster relief, to distribute approximately 13,500 food and safety kits – including food staples, reusable face masks and soap – to many of the Indigenous communities we serve. We also supported the MNO's pandemic relief fund and its 31 community councils, helping them provide food, medical and pharmaceutical supplies to their vulnerable citizens.

These contributions supplement our dedicated Indigenous community investment program. With our partner Indspire, we also awarded the **Leonard S. (Tony) Mandamin Scholarships**, which provided 20 scholarships of \$10,000 each to Indigenous students enrolled in electricity-related programs at colleges and universities across Ontario.

In 2020, over 25% of our total Community Investment spend supported Indigenous communities.



We plan to take the following actions in 2021 to enhance our status as a trusted partner and to build and invest in our community partnerships:

- Incorporate virtual engagement into our consultation strategies, along with more traditional in-person methods.
- Formalize the utilization of stakeholder roundtables into the development of large infrastructure projects.
- Build and form partnerships that increase our impact in communities, with a goal to impact 600,000 individuals through our programs and events.
- Allocate 20% of our corporate donations and sponsorships to support Indigenous communities.

Community

Customer Service

Approach

Our customers are making different choices in their lives – choices that keep them connected, give them more flexibility, and help them protect the planet and support a greener Ontario.

Hydro One is committed to meeting our customers' current and future energy needs and expectations, through a focus on customer experience, the expansion of digital channels and the development of new products and services. At the same time, we remain focused on addressing our customers' needs for affordability and reliability.

ESG Corner

Key ESG policies, programs and management systems guiding our actions include:

- > [Customer Commitments](#)
- > [Connected for Life Promise](#)

Performance

We continued to focus on being a trusted energy provider for our customers and providing them with a reliable source of energy.

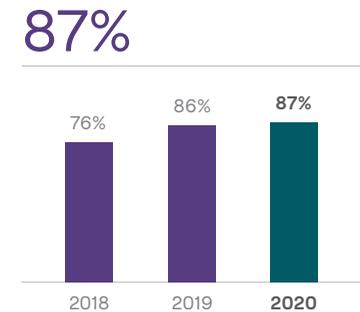
Customers responded to our efforts to keep them connected to power during the pandemic, while helping them access financial relief programs and more flexible service options.

We received a record-high residential and small business customer satisfaction rate of 87%.



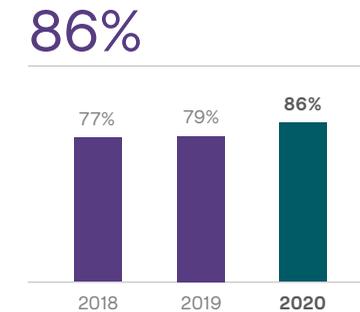
Customer Satisfaction*

Distribution – residential and small business



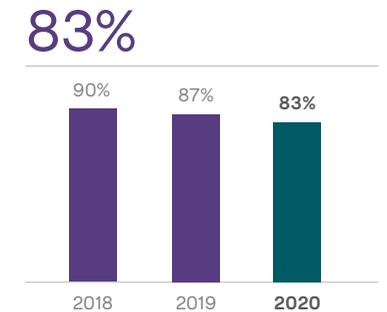
We received a record-high residential and small business customer satisfaction rate of 87%.

Distribution³⁶ – commercial and industrial



Customer satisfaction for our commercial and industrial segment reached an all-time high of 86%.

Transmission



Despite a marginal decline in 2020, customer satisfaction for our large transmission customers continues to stay above 80% for three consecutive years.

³⁶ This includes the customer group of +50 kW

Customer Service

Customer Service

In 2020, we successfully advocated for choice in our customer pricing plans. Our residential and small business customers now – and for the first-time ever – have the option to choose between time-of-use (TOU) and two-tiered rates. We launched an online portal in October to help customers make this choice and, to date, close to 40,000 customers have opted out of TOU rates.

We continued to convert customers to eBilling, as part of our effort to be more environmentally conscious and save money. By year-end 2020, more than 44% of our customers had enrolled in paperless billing.

In response to high volumes and requests for access to power from our distribution customers, we improved our new connections process, making it quicker and easier to do business with us. We successfully connected approximately 16,000 new customers to the network and saw a 25% increase in growth for new large distribution accounts.

Affordability

We have stood by our residential customers throughout the pandemic, advocating for affordability and for programs that help them avoid the stress of falling behind. We have supported them through this difficult period using a variety of measures, including launching a Pandemic Relief Program and suspending disconnections.

Many of our commercial customers have also been impacted by the pandemic and are struggling with bill payments. To support these customers, we implemented specific relief programs like returning security deposits, providing flexibility on payment schedules and suspending late payment charges. We are working closely with our industry peers and the government to evaluate what measures can be implemented or extended to help these customers.

Through the Affordability Fund Trust (AFT)³⁷ we put people first and advanced our support for customer affordability by delivering energy retrofit programs that help customers save energy and money. AFT provides eligible customers with energy-saving measures and retrofits at no cost. In 2020, we helped over 13,900 households through the AFT.

We also continue to develop and implement programs that reduce our costs and increase our efficiency. In 2020, we realized productivity savings of \$286 million. We understand affordability is a key concern and we will continue to do our part to drive costs out of the system and pass on these savings to our customers.

2020 Energy Savings

We help our customers save on their electricity costs by providing energy conservation advice.³⁸

In 2020, we helped customers save 154,548 MWh of energy through the IESO Conservation First Framework Save on Energy programs by administering approximately 1,280 conservation demand projects for business customers. In addition, through the AFT we also helped over 13,900 residential households save 28,608 MWh of energy.

In total, we helped our customers save the amount of power that approximately 20,350 households use in a year³⁹ and save approximately \$26.2 million in bills.



Speedier reliable connections

A new energy conservation project is underway in Parry Sound using solar generation and battery storage facilities. We are collaborating with Bracebridge Generation to bring the **SPEEDIER project** to life: a new microgrid consisting of 500 kW of solar panels and 1,274 kW of battery storage within a 12.5 kV distribution system. Hydro One began work in October 2020 and the project is anticipated to be connected in 2021.

We helped our business and residential customers save 183,156 MWh of energy.

³⁷ The Affordability Fund Trust provides qualifying residential customers with free home energy efficiency upgrades. The bill savings are realized as a result of the energy efficiency measures given to participants <https://www.affordabilityfund.org>.

³⁸ In 2020, the energy conservation advice was provided mainly through the conservation and demand management (CDM) programs. The CDM programs are designed to reduce electricity consumption and/or to help to cost effectively meet the province's electricity peak demand system needs and enable Ontario's electricity consumers to improve energy efficiency of their homes, businesses, institutions and industrial facilities. Estimated gross savings calculated by Hydro One based on the amount of power the average household uses in a year.

³⁹ Calculation estimate based on the amount of power the average household uses per year.

myEnergy Marketplace

In December, Hydro One launched **myEnergy Marketplace** – a one-stop shop to help customers better manage their energy use, make informed home product buying decisions, and connect them with available rebates for energy efficiency products. These offerings allow customers to save on their energy bills while reducing their carbon footprint. The first utility marketplace of its kind in Ontario, **myEnergy Marketplace** helps customers to comparison shop energy saving products using expert advice and buying tips for a wide range of home product categories. In 2021, Hydro One plans to provide personalized insights and advice to customers signed up for the **myAccount** service based on their consumption information.



Customer Service

BETTER BRIGHTER FUTURE



Connected for Life: Easing Customer Hardship through Pandemic Relief

Hydro One has a deep responsibility to support our customers as they navigate these challenging times.

Hydro One was the first utility in Ontario to launch a **Pandemic Relief Program**, providing financial assistance and increased payment flexibility to residential and small business customers experiencing hardship. Through this program, we are connecting our customers to the right programs to meet their unique needs. We have also returned about \$5 million in security deposits to more than 4,000 businesses across the province, suspended late fees and extended our **Winter Relief Program** to ensure no customer is disconnected.

We also supported the government's decision to introduce a temporary electricity relief rate for residential, small business and farm customers; and we are connecting customers with a one-time credit through the government's enhanced **COVID-19 Energy Assistance Program (CEAP)** for residential and small business customers.⁴⁰

Now we are making a new, important promise to our customers called **Connected for Life**. This is our promise to help customers stay connected to safe and reliable power while we work together to help them access financial relief and more flexible service options. This program is our commitment to do everything we can to help our customers – especially in their time of need. It's just one way we're looking to the future and helping the people of Ontario live better, brighter lives.

⁴⁰ In late December 2020, Hydro One offered enhanced CEAP and CEAP-Small Business benefits for 2021 in recognition of the impact the second wave of COVID-19 was having on our customers. For more information on these programs, please visit the Ontario Energy Board <https://www.oeb.ca/>.



Customer Service

Reliability

We are continuously working to improve the reliability of Ontario's power supply so our customers experience fewer power interruptions and to support the safe, reliable and secure delivery of electricity to energize life in the province of Ontario.

In 2020, we made capital investments of approximately \$1.9 billion to improve the reliability and performance of our transmission and distribution systems, renew aging infrastructure, connect new customers and generation sources, and improve our service to customers. We also worked closely with the OEB and the IESO to ensure technological advances and energy resources are appropriately integrated into the grid so we can provide reliable service.

For our distribution system, we advanced key initiatives to modernize and improve reliability:

- To reduce outage times for customers, we deployed approximately 1,180 smart devices designed to enable remote monitoring of the grid. This automation allows us to determine when and where outages occur to quickly and remotely isolate the outage and restore service to customers. In 2020, this resulted in savings of approximately 12.3 million customer interruption minutes.
- We improved our pole design standards to better serve our customers. These new designs are resilient, stronger, taller and capable to support broadband fibre deployment.

Our transmission system is the backbone of the electricity system in Ontario. We continue to invest in our transmission infrastructure to ensure the grid can continue to power the province's economy. Our efforts to maintain and improve our reliability performance are centred on the following initiatives:

- Investments focused on updating end-of-life equipment and modernizing our stations and lines to improve reliability for our customers. This included several projects in northern Ontario to help improve reliability for underserved communities. For example, a major station in Sudbury was refurbished to better facilitate the supply of power between northern and southern Ontario.
- Completion of several large infrastructure projects including the rebuild of one of the critical Hydro One switchyards serving Bruce Power. For this project we upgraded and modernized our transmission station that links the Bruce A Nuclear Generating Station to the transmission grid thereby ensuring Ontarians across the province have access to reliable low-carbon power. This project marks one of three major reinforcements planned at the Bruce Complex and will secure reliable grid connection over the next 40 to 50 years.



To reduce outage times for customers, we deployed approximately 1,180 smart devices designed to enable remote monitoring of the grid.

Customer Service

BETTER BRIGHTER FUTURE

Powering the Green Energy Revolution



As innovation reduces the cost of battery storage technology, we see growing interest in these “future of the grid” installations.

This is particularly true for in-home energy storage, which is designed to provide a back-up for homes during a power interruption. We recently received regulatory approval to proceed with a residential battery storage pilot that allows us to prove the concept to make the case for larger scale deployment. We expect to install battery storage inside 50-100 homes.

Beyond homes, we continued to advance three battery storage pilot projects that target community customers who are experiencing poor reliability.

The first of these is a centralized battery energy storage system at Aroland First Nation, which we now anticipate to go in-service later in 2021. The system will allow the community to be supplied by the battery during a power interruption and could reduce the duration of customer outages by over 60%.

The next two systems are similar and will be deployed at Pointe au Baril and Trout Creek. These two are also expected to be in-service later in 2021.



Customer Service

Key Programs and Future Initiatives

As a trusted energy advisor, we aim to drive energy efficiency, affordability and reliability through our activities including:

Your Power, Your Choice: In 2020, Hydro One launched the “**Your Power, Your Choice**” customer engagement campaign—the largest and most comprehensive customer outreach ever undertaken by any utility in Ontario. Over 48,000 customers and stakeholders provided input into Hydro One’s investment planning process for the years 2023-2027.

Upgrades and Retrofits: We delivered over \$181,000 in incentives to a county school board to upgrade schools in the district to LED lighting, which are projected to deliver approximately \$78,000 in annual bill savings. Additionally, we delivered over \$530,000 in incentives to schools and school boards across Ontario, helping these customers upgrade to more efficient lighting, HVAC, and other mechanical systems. These projects are projected to deliver approximately \$370,000 in annual bill savings.

We also delivered over \$584,000 in retrofit incentives to a company, helping them install LED grow lights at their greenhouse. The program is projected to save nearly 8,500 MWh of electricity annually, compared to using standard high-pressure sodium lighting.

Reliability and Forestry: Last year trees caused more than 20% of all our distribution outages. Hydro One’s forestry team is responsible for trimming trees and maintaining vegetation around our lines to improve the overall safety and reliability of the system. Decreasing tree-related outages remains a priority, and we are planning to focus our crews on those areas known for higher risk of vegetation outages.

New Business Connections: To enable economic growth in the province, we continue to support new business customer connections to the grid. There is an increased demand for electricity as we continue to work to enable the expansion and electrification of railways and subways and support customers who are looking to set up their operations in the province. New growth areas include but are not limited to new data centres in the greater Toronto area, the expansion of the greenhouse industry in southwestern Ontario and the mining and steel industries in northern Ontario.



We plan to take the following actions in 2021 to support our customers:

- Establish a new EV journey for our residential and business customers to support their drive to net zero.
- Support our customers’ appetite for more digital channels by expanding our digital offerings and providing greater choice and convenience to our customers, such as the recently launched chat function on our website, and the development of a new app that offers news, useful features and allows for better two-way communication between our customers and us.
- Welcome over 70,000 customers from Peterborough Distribution and Orillia Power Distribution into Hydro One.
- Help customers manage their electricity consumption and achieve their climate goals by providing personalized insights and advice to customers signed up for the **myAccount** service based on their consumption information.
- Bring into service Aroland, Pointe au Baril and Trout Creek battery storage projects. Continue to deploy battery energy storage systems to improve reliability and increase grid resiliency.
- Provide support for the rebuild/upgrade of nuclear stations such as Bruce Power and hydroelectric generation facilities in Niagara Falls, the Ottawa Valley and northwestern Ontario which will further advance clean reliable power for our customers across the province.
- Continue to work with the IESO to reinforce the transmission system required to address system needs (e.g., reinforce supply to Toronto and Ottawa areas and interties with Michigan and New York) and accommodate customer load growth.

Customer Service

BETTER BRIGHTER FUTURE

Driving to Net Zero



Hydro One is helping Ontarians reduce their carbon footprint in our collective drive to net zero. We've partnered to build Ontario's largest, most connected EV fast-charger network – offering Ontarians clean solutions for the future of electrification.

In 2020, we launched Ivy™, a joint venture with OPG, and throughout the year we opened 23 fast-charger locations across the province. We are on track to have 160 fast-chargers across approximately 60 locations in Ontario by the end of 2021.

Ivy members completed 2,800 charging sessions across Ivy's network, with carbon offsets totalling approximately 80,000 lbs of CO₂ emissions to date. Not only does Ivy support a greener transportation sector, it is also a great example of how Hydro One is incorporating innovation and environmental sustainability into all aspects of our business.

While EVs are becoming a more common sight on roads across the province, one challenge in particular has drivers thinking twice before making the switch to an EV – range anxiety – especially in rural and remote areas. Ivy's locations are selected to help alleviate range anxiety by covering the entire province from east to west and north to south.

Ivy has the power to help drive the electric revolution here in Ontario, supporting the creation of new skilled jobs and nurturing an industry that protects the environment and makes our economy stronger for current and future generations. Ivy continues to work closely with local communities and businesses who help make the expansion of its EV network possible.

Ivy supports our collective transition toward a more environmentally sustainable future here in Ontario. We believe it is a great example of how companies can collaborate on innovative infrastructure projects across Ontario while delivering economic and social value for our communities, customers and industry peers.



Connect with Us

Your feedback is a key element of our reporting process. It helps us to address the issues that matter most to our stakeholders. Please email us at Sustainability@HydroOne.com

Discover more about sustainability at Hydro One:

www.HydroOne.com/about/sustainability

For information about this report, please contact:

Jessica Bentley-Jacobs
Director, Sustainability
Sustainability@HydroOne.com

For Investor Relations, please contact:

Omar Javed
Vice President, Investor Relations
Investor.Relations@HydroOne.com

Hydro One's corporate office is located at:

483 Bay Street, Toronto, ON M5G 2P5

This report is published in electronic format to minimize its environmental impact. Please think before printing.

Follow Hydro One

 Twitter
[@HydroOne](https://twitter.com/HydroOne)

 Facebook
[@HydroOneOfficial](https://www.facebook.com/HydroOneOfficial)

 Instagram
[@HydroOneOfficial](https://www.instagram.com/HydroOneOfficial)

 LinkedIn
[/company/hydro-one](https://www.linkedin.com/company/hydro-one)

www.HydroOne.com



Appendices

2020 ESG Performance Overview

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

Indicator	2018	2019	2020
People			
Total recordable injury rate per 200,000 hours worked ⁴¹	1.1	0.78	0.87
Lost time injury frequency rate per 200,000 hours worked ⁴²	28.3	25.6	14.5
Serious injury and fatality rate per 200,000 hours worked ⁴³	0.1	0.2	0.2
Fatalities from work-related incidents (number)	0	1	1
Average number of hours for learning and development per employee (New indicator for 2020)	-	-	34.0 hours
Employee Turnover Rate ⁴⁴ (%) (New indicator for 2020)	-	-	4.0
Executive diversity ⁴⁵ (%)			
Women	33.5	31.9	25.8
Men	66.5	68.1	74.2
Visible minorities	15.2	24.6	24.5
Number of unresolved well-founded privacy complaints ⁴⁶ as determined by the Privacy Commissioner of Canada	0	0	0
Number of cases received by our corporate ethics office ⁴⁷	223	265	293
Planet			
Scope 1 GHG emissions (tCO ₂ e) ⁴⁸	168,381	163,792	183,056
Scope 2 GHG emissions (tCO ₂ e) ⁴⁹	166,145	161,757	161,666
VOC emissions (tonnes) (New indicator for 2020)	-	-	29.9
NOX emissions (tonnes) (New indicator for 2020)	-	-	1,075.2
SOX emissions (tonnes) ⁵⁰ (New indicator for 2020)	-	-	35.4
Total Particulate Matter (tonnes) (New indicator for 2020)	-	-	23.1
Spill recovery rate (%) [*]	94	96	98
Total solid waste produced (tonnes) [*]	142,520	126,900	154,000
Total solid waste recycled (tonnes) [*]	8,607	8,880	11,000
Pollinator habitat established (Ha) [*]	10	20	20

41 As our performance improves, as of 2019, we are reporting this metric to two decimal points.

42 We are using a new online portal to calculate the lost time injury frequency rate and 2018 is now our baseline year. We have updated the 2018 and 2019 data accordingly.

43 We previously reported this as lost time injury frequency rate and have updated the terminology. Note that the methodology remains the same allowing for year-over-year comparisons.

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

45 We define executive level as VP and above and all values represent averages over the year.

Indicator	2018	2019	2020
Community			
Capital investments (\$ millions)	1,575	1,667	1,878
Investment in research and development (\$ millions)	5.2	4.4	4.7
Indigenous procurement spend (\$ millions)	39.4	41.3	42.0
Community investment donations and sponsorships (\$ millions)	2.6	2.8	3.1
Transmission customer satisfaction (%) [*]	90	87	83
Commercial and Industrial satisfaction (%) [*]	77	79	86
Residential and small business customer satisfaction (%) [*]	76	86	87
Productivity savings (\$ millions)	135.5	202.3	286.0
Bill savings through the Affordability Fund Trust ⁵¹ (\$ millions)	0.6	2.1	3.1
Transmission System Average Interruption Duration Index ^{*52} (per delivery point per year)	0.8 hours	0.6 hours	1.0 hours
Transmission System Average Interruption Frequency Index ^{*53} (per delivery point per year)	1.2	1.0	0.9
Distribution System Average Interruption Duration Index ^{*54} (per customer per year)	6.8 hours	7.0 hours	7.3 hours
Distribution System Average Interruption Frequency Index ^{*55} (per customer per year)	2.2	2.5	2.5
Customer Average Interruption Duration Index (per customer per year)	3.1 hours	2.8 hours	2.9 hours

46 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 Document Act.

47 Over the past three years we have seen an increase in cases received. Hydro One welcomes this, as we believe it points to the effectiveness of our training program and our employees' comfort in reporting.

48 For Scope 1 emissions, historical annual reported emissions have been adjusted to reflect both the entities included within that reporting year, and to reflect the applicable global warming potential at the time of reporting in order to allow appropriate comparison to 2020 data.

49 For Scope 2 emissions, historical annual reported emissions have been adjusted to reflect both the entities included within that reporting year, and to reflect the applicable global warming potential at the time of reporting in order to allow appropriate comparison to 2020 data.

50 We report our SOX emissions as SO₂ which is a subset of SOX emissions and required for reporting under Canadian law.

51 The Affordability Fund Trust provides qualifying residential customers with free home energy efficiency upgrades. The bill savings are realized as a result of the energy efficiency measures given to participants <https://www.affordabilityfund.org>. In 2020, there was a higher volume of participation driven by the COVID-19 pandemic, causing more customers to seek support from the program.

52 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.

53 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.

54 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.

55 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.

Appendices

SASB Table

As an electricity Transmission and Distribution company, we report according to the SASB framework for the Electric Utilities & Power Generators industry. We address all indicators in the standard that we consider to be material for our business and are legally able to report on as an Ontario-based utility.

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

SASB Topic	Indicator	2019	2020
Energy Affordability	Average retail electric rate	\$0.16/kWh residential \$0.18/kWh commercial \$0.16/kWh industrial	\$0.16/kWh residential \$0.21/kWh commercial \$0.15/kWh industrial
	Typical monthly electric bill for residential customers for 500 and 1,000 kWh of electricity delivered per month (\$)	\$94.39 for 500 kWh \$158.15 for 1,000 kWh	\$94.57 for 500 kWh \$158.50 for 1,000 kWh
	Residential customer electric disconnections for non-payment, percentage reconnected within 30 days	70% reconnected within 30 days	There were zero disconnections ⁵⁶
	Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory	<p>Hydro One remains sensitive to the needs of our low-income customers. We know that in our service territory, the customers who face the biggest challenges to electricity affordability are in the rural parts of Ontario. We work closely with United Way and contribute to the low-income energy assistance program that provides financial assistance to customers who are struggling to pay their electricity bill.</p> <p>The COVID-19 pandemic has disproportionately affected a subset of more vulnerable customers. Throughout 2020, overdue accounts receivable have increased, reflecting the financial burden of the COVID-19 pandemic on our customers. While the number of accounts with arrears has decreased compared to 2019, the outstanding amount per customer has increased. We are committed to assisting our customers with connecting them to government funding and offering flexible payment options to help them get back on track.</p>	

⁵⁶ In 2020, there were zero disconnections because the Winter Disconnection Moratorium, a ban on disconnections, was extended throughout 2020 to assist customers who were struggling financially as a result of the COVID-19 pandemic.

SASB Topic	Indicator	2019	2020
Workforce Health and Safety	Total recordable incident rate	See ESG Summary Chart of the Sustainability report	See ESG Summary Chart of the Sustainability report
	Total fatality rate ⁵⁷	0.01	0.01
	Near-miss frequency rate	5.7 ⁵⁸	19.4
End-Use Efficiency and Demand	Percentage of electricity utility revenues from rate structures that are decoupled and contain a lost revenue adjustment mechanism ⁵⁹	<ul style="list-style-type: none"> 51% revenue from Fixed charges 49% revenue from Volumetric charges None of our rate structures for distribution or transmission contained an automatic lost revenue adjustment mechanism in 2019. 	<ul style="list-style-type: none"> 57% revenue from Fixed charges 43% revenue from Volumetric charges. None of our rate structures for distribution or transmission contained a lost revenue adjustment mechanism in 2020.
	Percentage of electric load served by smart grid technology* ⁶⁰	91.0%	95.3%
	Customer electricity savings from efficiency measures, by market	185,017 MWh	183,156 MWh
Grid Resiliency	Number of incidents of non-compliance with physical and cybersecurity standards or regulations	Hydro One is unable to disclose this information as it is subject to the confidentiality provisions of the Independent Electricity System Operator market rules.	
	(1) System Average Interruption Duration Index (SAIDI), (2) System Average Interruption Frequency Index (SAIFI), and (3) Customer Average Interruption Duration Index (CAIDI), inclusive of major event days	See ESG Summary Chart of the Sustainability report	See ESG Summary Chart of the Sustainability report

⁵⁷ Fatality rate per 200,000 hours worked. The 2019 number was updated to better align with the SASB indicator.

⁵⁸ The 2019 number was updated from 5.8 due to a rounding error.

⁵⁹ Calculated for our distribution business. The 2019 numbers were updated to include Hydro One Remote Communities Inc.

⁶⁰ To calculate the percentage of electric load delivered by smart grid technology we calculated the total amount of electrical energy delivered to our customers with (or by) an active smart meter.

Appendices

SASB Activity Table

Activity Metric	2019	2020
Distribution: Number of residential, commercial, industrial and other retail customers served (#) ⁶¹	1,226,149, residential 112,549, commercial 8,074, industrial 34,169, other retail customers	1,242,291, residential 113,412, commercial 8,305, industrial 33,552, other retail customers
Transmission: Number of customers served ⁶²	683	690
Distribution: Total electricity delivered to residential, commercial, industrial, all other retail customers and wholesale distribution customers ⁶³	12,872,825 MWh, residential 3,120,146 MWh, commercial 8,739,963 MWh, industrial 163,547 MWh, other retail customers 10,585,392 MWh, wholesale distribution customers	13,502,663 MWh, residential 2,997,600 MWh, commercial 8,981,474 MWh, industrial 157,966 MWh, other retail customers 10,420,732 MWh, wholesale distribution customers
Total electricity delivered to our Transmission system ⁶⁴	230,966 MW	229,877 MW
Length of transmission and distribution lines (km)*	2019 Sustainability report, Hydro One at a Glance	Hydro One 2020 Annual Report
Total wholesale electricity purchased MWh*	27,536,661 MWh ⁶⁵	28,379,018 MWh

61 Numbers as of December 31. Other retail customers includes local distribution companies connected to Hydro One's distribution system, distributed generators, street lights, sentinel lights and unmetered scattered load.

62 Numbers as of December 31. 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.

63 Other retail customers includes distributed generators, street lights, sentinel lights and unmetered scattered load and Wholesale customers includes local distribution companies connected to Hydro One's distribution system.

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

65 The 2019 calculation was updated to include Hydro One Remote Communities Inc.

Appendices

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. We are committed to aligning with the TCFD recommendations, understanding the risks and opportunities posed by climate change on our business and providing transparent disclosures of our progress.

Hydro One, like most organizations, is at the beginning phase of alignment and plans to continue our journey toward the full implementation of the TCFD recommendations. We recognize that 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
<p>GOVERNANCE – Hydro One’s Board of Directors (“Board”) and management acknowledge the importance of good governance practices in management of climate-related issues.</p> <p>Board oversight</p> <ul style="list-style-type: none"> Hydro One’s Board of Directors oversees the company’s approach to environmental, social and governance matters relating to the long-term health and sustainability of the company. This includes overseeing, reviewing and, where applicable, approving the company’s strategies and approach relating to sustainability matters and approving the annual sustainability report. The Board’s Indigenous Peoples, Safety & Operations Committee (the “IPSO Committee”) oversees environmental strategies, policies and programs, including climate change. The IPSO Committee is mandated to review material climate and environment events or developments and our progress regarding our sustainability objectives including climate change and other environmental issues. The Committee is expected to assess the company’s programs and approaches, including the standards against which the company reports in the areas of climate change. The Enterprise Risk Management (ERM) function delivers quarterly updates to the Board and its Committees for the risks relevant to their respective mandates, including ESG and climate-related risks. <p>Management oversight</p> <ul style="list-style-type: none"> Climate change, a key component of our ESG program, is overseen by our Chief Safety Officer (CSO) who manages our climate change mitigation program. Our CSO works closely with other executives such as our Chief Operating Officer (COO) who manages our climate change adaptation program. Due to the cross-functional nature of ESG, it is managed by various management committees. The Chief Corporate Affairs and Customer Care Officer chairs Hydro One’s leadership level sustainability committee, which provides strategic advice and perspectives on current, emerging, and key sustainability issues, including climate change. Hydro One also has a leadership level environment and climate change committee, led by the CSO that meets quarterly and focuses on the implementation of our climate change program. The climate change committee is also supported by working groups on sulfur hexafluoride (SF₆) use and management; and climate change management in fleet and facility operations. These groups meet regularly to focus on strategies and approaches to mitigate climate change impacts associated with the use of fossil fuels and SF₆ within the context of continually providing safe, cost effective and efficient electricity supply to Hydro One’s customers and the people of Ontario. A key metric of our corporate scorecard for all of our management team is reliability, which is impacted by climate-related events. 	<ul style="list-style-type: none"> Our Approach section of Sustainability report Board of Directors mandate IPSO Committee mandate Management Information Circular

Appendices

Task Force on Climate-related Financial Disclosures

Summary of Alignment with TCFD Recommendations	Location
<p>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.</p>	
<ul style="list-style-type: none"> • 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 takes into account the risks of climate change through our “Plan, Design and Build a Grid for the Future” strategic priority. We are pursuing various strategic initiatives to build a grid for our customers that is reliable, resilient and flexible while balancing our environmental responsibility. 	<ul style="list-style-type: none"> • Planet section of the Sustainability report • Customer section of the Sustainability report • Annual report
<p>Climate-related risks</p>	
<ul style="list-style-type: none"> • In 2020, we 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. Our material climate-related risks are detailed in our annual and interim management discussion and analysis. 	
<ul style="list-style-type: none"> • 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. 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 damage electricity distribution and transmission infrastructure. An increased frequency and severity of weather events may impact the safe and reliable operations of the electricity grid and may interrupt the continuity of supply to customers. Sustained damage to our assets could lead to lost revenues and enhanced repair costs. Notwithstanding our efforts to adapt and increase grid resilience, our facilities are exposed to risks which may have an adverse effect on grid resilience. Hydro One’s corporate strategy considers these risks, through our “Plan, Design and Build a Grid for the Future” pillar. • 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 emissions, 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, including emissions from SF₆ leaks, and operational fuel use. 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. 	
<ul style="list-style-type: none"> • Regulatory - Our efforts to build a grid for the future and enhance the resiliency of the Ontario grid exist within a regulated context. We continually assess 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 also regularly review technology standards, including our distribution material specifications, to account for changes in national standards to ensure we are ordering the proper equipment to address climate change. 	

Appendices

Task Force on Climate-related Financial Disclosures

Summary of Alignment with TCFD Recommendations	Location
<p>• Market - Hydro One aims to increase the resiliency of the grid and also 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. Hydro One is pursuing incremental regulated and unregulated business opportunities through innovation and our focused presence in Ontario.</p> <p>Climate-related opportunities</p> <ul style="list-style-type: none"> • 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 provision of greener solutions and products to manage energy efficiency and usage. • Provide new products and services to customers to help mitigate climate change impacts – this includes helping to build the electric vehicle charging network infrastructure across the province. We have invested in the Ivy Charging Network™ (Ivy), Ontario’s largest, most connected EV fast-charger network. Once complete, Ivy will be Ontario’s largest fast-charger network, connecting the north to the south and east to the west with 160 chargers across approximately 60 locations. • Introduce new innovations through our grid resiliency strategy and through our “Innovate and Grow” strategic priority. These are intended to address the impacts of climate change, improve grid reliability and potentially reduce costs. <p>Scenario analysis outcomes</p> <ul style="list-style-type: none"> • In 2020, Hydro One conducted our first climate change scenario analysis to assess potential impacts on our business under different climate scenarios, including a 2°C or lower scenario. The scenario analysis was a qualitative assessment that considered physical and transition climate-change impacts under a high-carbon scenario and a low-carbon scenario.⁶⁶ • Hydro One faces climate-related risks and opportunities under both high and low-carbon scenarios, and physical risks associated with extreme weather events are the most significant business impacts under both scenarios. In the high-carbon scenario, there is a greater severity, unpredictability, and frequency of extreme weather events relative to the low-carbon scenario. • Hydro One is well positioned to realize many opportunities associated with the low-carbon transition of Ontario’s economy. Under the low-carbon scenario (a 2°C or lower scenario), climate-related opportunities are expected to be greater than the high-carbon scenario. This is primarily due to the increase in projected electricity demand under this scenario as a result of increased electrification of transportation, building energy systems and industrial processes. • Hydro One’s strategic priority to “Plan, Design and Build a Grid for the Future” is aligned to meet the risks and opportunities posed by climate change. Hydro One plans to expand its scenario analysis assessment in the future to eventually include a quantitative approach. 	

⁶⁶ Scenarios from the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC) were combined to create a low-carbon and high-carbon scenario to conduct the scenario analysis component of Hydro One’s TCFD disclosure. The IEA and IPCC scenarios are high-level documents that give a global snapshot of potential future states - they are not specific to Ontario. Climate Atlas of Canada data supplemented the IPCC scenarios to provide localized assumptions representing the physical impacts of climate change in Ontario. The low-carbon global temperature range is between 1.8 and 2 degrees. The high-carbon global temperature range is between 2.7 and 3.7 degrees. Physical impact scenarios were based on: Data from the IPCC Fifth Assessment Report (AR5) and Regional information from the Climate Atlas of Canada. Transition scenarios were based on: Data from the IEA’s 2019 World Economic Outlook Stated Policies Scenario and the IEA’s 2017 Energy Technology Perspectives.

Appendices

Task Force on Climate-related Financial Disclosures

Summary of Alignment with TCFD Recommendations	Location
<p>RISK MANAGEMENT – Hydro One has an ERM process to identify, assess and manage risks across the business, including climate-related risks and opportunities.</p>	
<ul style="list-style-type: none"> • The Board 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 and 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 typically report on 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 risk 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 us 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 are monitored regularly by management and our ERM team. • Climate-related risks and opportunities are identified and assessed through multiple channels within the ERM process as well as through internal audit. This includes project risk assessments and executive leadership team risk workshops conducted by Hydro One’s ERM team. 	<ul style="list-style-type: none"> • Management Information Circular
<p>METRICS & TARGETS – Hydro One reports year-over-year performance across many areas including, GHG emissions, capital investments and reliability.</p>	
<ul style="list-style-type: none"> • As an electricity transmission and distribution company, Hydro One does not emit a material amount of GHG emissions. 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 being net zero by 2050. We have set a climate change goal of reducing our GHG emissions by 30% by 2030. • For reliability, we report on our system average interruption duration index (SAIDI) and our system average interruption frequency index (SAIFI) for our distribution and transmission business. 	<ul style="list-style-type: none"> • Planet section of the Sustainability report • GHG auditor letter • ESG Performance summary

Appendices

GRI Table

Category/Section	Topic	GRI Disclosure	2020
Organizational Profile	Standard Disclosure	GRI 102-1 Name of the organization	Hydro One Limited
Organizational Profile	Standard Disclosure	GRI 102-2 Activities, brands, products, and services	2020 Sustainability report, Hydro One At-A-Glance
Organizational Profile	Standard Disclosure	GRI 102-3 Location of headquarters	2020 Sustainability report, Connect with Us
Organizational Profile	Standard Disclosure	GRI 102-4 Location of operations	2020 Sustainability report, Hydro One At-A-Glance
Organizational Profile	Standard Disclosure	GRI 102-5 Ownership and legal form	2020 Sustainability report, Hydro One At-A-Glance
Organizational Profile	Standard Disclosure	GRI 102-6 Markets served	2020 Sustainability report, Hydro One At-A-Glance
Organizational Profile	Standard Disclosure	GRI 102-7 Scale of the organization	2020 Sustainability report, Hydro One At-A-Glance
Organizational Profile	Standard Disclosure	GRI 102-8 Information on employees and other workers	2020 Sustainability report, People
Organizational Profile	Standard Disclosure	GRI 102-9 Supply chain	Supplier Code of Conduct
Organizational Profile	Standard Disclosure	GRI 102-10 Significant changes to the organization and its supply chain	There were no significant changes to Hydro One in 2020

Appendices

GRI Table

Category/Section	Topic	GRI Disclosure	2020
Organizational Profile	Standard Disclosure	GRI 102-13 Memberships of associations	In 2020, Hydro One was a member of the Canadian Chamber of Commerce, Canadian Electricity Association, CD Howe Institute, Edison Electric Institute, Electricity Distributors Association, Energy Storage Canada, North American Transmission Forum, Ontario Chamber of Commerce, Ontario Energy Association, Ontario Energy Network, Plug'n Drive, Public Policy Forum, Toronto Region Board of Trade, Western Energy Institute, Young Energy Professionals and a supporter of the Ivey Energy Policy and Management Centre.
Strategy	Standard Disclosure	GRI 102-14 Statement from senior decision-maker	2020 Sustainability report, Message from Our President and CEO & Message from Our Chair
Strategy	Standard Disclosure	GRI 102-15 Key Impacts, risk and opportunities	2020 Sustainability report, Our Approach , 2020 ESG Performance Table
Ethics and Integrity	Standard Disclosure	GRI 102-16 Values, principles, standards, and norms of behavior	Code of Business Conduct and values
Ethics and Integrity	Standard Disclosure	GRI 102-17 Mechanisms for advice and concerns about ethics	Code of Business Conduct , Ombudsman , 2020 ESG Performance Table and Whistleblower policy
Governance	Standard Disclosure	GRI 102-18 Governance structure	2020 Sustainability report, Our Approach
Governance	Standard Disclosure	GRI 102-20 Executive-level responsibility for economic, environmental, and social topics	2020 Sustainability report, Our Approach
Governance	Standard Disclosure	GRI 102-21 Consulting stakeholders on economic, environmental, and social topics	Sustainability materiality assessment

Appendices

GRI Table

Category/Section	Topic	GRI Disclosure	2020
Governance	Standard Disclosure	GRI 102-22 Composition of the highest governance body and its committees	2020 Sustainability report, Our Approach , Corporate Governance
Governance	Standard Disclosure	GRI 102-23 Chair of the highest governance body	2020 Sustainability report, Our Approach , Corporate Governance
Governance	Standard Disclosure	GRI 102-24 Nominating and selecting the highest governance	2020 Sustainability report, Our Approach , Corporate Governance
Governance	Standard Disclosure	GRI 102-31 Review of economic, environmental, and social topics	2020 Sustainability report, Our Approach
Governance	Standard Disclosure	GRI 102-32 Highest governance body's role in sustainability reporting	2020 Sustainability report, Our Approach
Stakeholder Engagement	Standard Disclosure	GRI 102-40 List of stakeholder groups and partners	2020 Sustainability report, Our Approach
Stakeholder Engagement	Standard Disclosure	GRI 102-41 Collective bargaining agreements	2020 Annual Report
Stakeholder Engagement	Standard Disclosure	GRI 102-42 Identifying and selecting stakeholders	2020 Sustainability report, Our Approach
Stakeholder Engagement	Standard Disclosure	GRI 102-43 Approach to stakeholder engagement	2020 Sustainability report, Community
Stakeholder Engagement	Standard Disclosure	GRI 102-44 Key topics and concerns raised	2020 Sustainability report, Community
Reporting Practice	Standard Disclosure	GRI 102-45 Entities included in the consolidated financial statements	2020 Sustainability report, About This Report

Appendices

GRI Table

Category/Section	Topic	GRI Disclosure	2020
Reporting Practice	Standard Disclosure	GRI 102-46 Defining report content and topic Boundaries	2020 Sustainability report, About This Report
Reporting Practice	Standard Disclosure	GRI 102-47 List of material topics	Sustainability materiality assessment
Reporting Practice	Standard Disclosure	GRI 102-48 Restatements of information	There are no restatements of information given in previous reports
Reporting Practice	Standard Disclosure	GRI 102-49 Changes in reporting	The information contained within this report is for Hydro One Limited. In instances where data is only available for Hydro One Networks Inc., it is noted with an asterisk
Reporting Practice	Standard Disclosure	GRI 102-50 Reporting period	2020 Sustainability report, About This Report
Reporting Practice	Standard Disclosure	GRI 102-51 Date of most recent report	August 2021
Reporting Practice	Standard Disclosure	GRI 102-52 Reporting cycle	2020 Sustainability report, About This Report
Reporting Practice	Standard Disclosure	GRI 102-53 Contact point for questions regarding the report	2020 Sustainability report, Connect with Us
Reporting Practice	Standard Disclosure	GRI 102-54 Claims of reporting in accordance with the GRI Standards	2020 Sustainability report, About This Report
Reporting Practice	Standard Disclosure	GRI 102-55 GRI content index	This table, and available as a stand-alone document on our website
Reporting Practice	Standard Disclosure	GRI 102-56 External assurance	GHD Ltd. verified Hydro One's GHG Emission report for the compliance period of January 1 to December 31, 2020
Management Approach	Standard Disclosure	GRI 103-1 Explanation of the material topic and its Boundary	2020 Sustainability report, About This Report and Our Approach
Management Approach	Standard Disclosure	GRI 103-2 The management approach and its components	2020 Sustainability report, within the approach section of each material topic

Appendices

GRI Table

Category/Section	Topic	GRI Disclosure	2020
Our Approach To Sustainability	Governance	GRI 205-1 Discussion on Management Approach	2020 Sustainability report, Our Approach, Management Approach and Governance
Our Approach To Sustainability	Governance	GRI 205-1 Operation assessed for risks related to corruption	Code of Business Conduct
Our Approach To Sustainability	Governance	GRI 205-2 Communications and training about anti-corruption policies and procedures	All Board Directors signed a Code of Business Conduct Compliance Form and must abide by our Code of Business Conduct . Employees receive annual communication through our Code of Business Conduct Annual Refresher. As of December 31, 2020, 7,086 employees completed the 2020 Code of Business Conduct Annual Refresher, which includes information on our Anti-Fraud and Anti-Corruption policies. Business partners are subject to our Code of Business Conduct and/or the Supplier Code of Conduct .
People	Talent	GRI 405-1 Discussion on Management Approach	2020 Sustainability report, People
People	Talent	GRI 405-1 Diversity of governance bodies and employees	2020 Sustainability report, People and Corporate Governance

Appendices

GRI Table

Category/Section	Topic	GRI Disclosure	2020
People	Talent	GRI EU15 Number of employees eligible to retire within 5 years, 10 years (% of workforce, by job category) ⁶⁷	<p>Electrical power line and cable workers: -% of Workforce: 5 Year: 3%, 10 Year: 3% -% of NOC Group: 5 Year: 14%, 10 Year: 20%</p> <p>Electrical and electronics engineers -% of Workforce: 5 Year: 2%, 10 Year: 3% -% of NOC Group: 5 Year: 17%, 10 Year: 27%</p> <p>Electrical and electronics engineering technologists and technicians: -% of Workforce: 5 Year: 2%, 10 Year: 3% -% of NOC Group: 5 Year: 17%, 10 Year: 29%</p> <p>Silviculture and forestry workers: -% of Workforce: 5 Year: 1%, 10 Year: 1% -% of NOC Group: 5 Year: 8%, 10 Year: 18%</p> <p>Other customer and information services representatives: -% of Workforce: 5 Year: 1%, 10 Year: 2% -% of NOC Group: 5 Year: 24%, 10 Year: 47%</p> <p>Professional occupations in business management consulting: -% of Workforce: 5 Year: 1%, 10 Year: 2% -% of NOC Group: 5 Year: 27%, 10 Year: 46%</p> <p>Contractors and supervisors, electrical trades and telecommunications occupations: -% of Workforce: 5 Year: 2%, 10 Year: 2% -% of NOC Group: 5 Year: 46%, 10 Year: 62%</p> <p>Power system electricians: -% of Workforce: 5 Year: 1%, 10 Year: 1% -% of NOC Group: 5 Year: 22%, 10 Year: 32%</p> <p>General office support workers: -% of Workforce: 5 Year: 1%, 10 Year: 1% -% of NOC Group: 5 Year: 33%, 10 Year: 54%</p>

⁶⁷ NOC is the National Occupational Classification and the region for reporting is Ontario.

Appendices

GRI Table

Category/Section	Topic	GRI Disclosure	2020										
People	Talent	GRI 401-1 Employee hires and employee turnover ⁶⁸	2020 New Hire										
			New Hire Count and Rate: 134; 2.3%										
			% of Total New Hires										
			<table border="0"> <tr> <td style="padding-right: 10px;">Women: 31%</td> <td>Ages 20 - 29: 23%</td> </tr> <tr> <td>Men: 69%</td> <td>Ages 30 - 39: 38%</td> </tr> <tr> <td></td> <td>Ages 40 - 49: 23%</td> </tr> <tr> <td></td> <td>Ages 50 - 59: 14%</td> </tr> <tr> <td></td> <td>Ages 60 - 69: 1%</td> </tr> </table>	Women: 31%	Ages 20 - 29: 23%	Men: 69%	Ages 30 - 39: 38%		Ages 40 - 49: 23%		Ages 50 - 59: 14%		Ages 60 - 69: 1%
Women: 31%	Ages 20 - 29: 23%												
Men: 69%	Ages 30 - 39: 38%												
	Ages 40 - 49: 23%												
	Ages 50 - 59: 14%												
	Ages 60 - 69: 1%												
2020 Turnover													
Count and Rate: 233; 4.0%													
% of Total Turnover													
	<table border="0"> <tr> <td style="padding-right: 10px;">Women: 19%</td> <td>Ages 20 - 29: 3%</td> </tr> <tr> <td>Men: 81%</td> <td>Ages 30 - 39: 9%</td> </tr> <tr> <td></td> <td>Ages 40 - 49: 7%</td> </tr> <tr> <td></td> <td>Ages 50 - 59: 48%</td> </tr> <tr> <td></td> <td>Ages 60 - 69: 31%</td> </tr> <tr> <td></td> <td>Ages 70 - 79: 1%</td> </tr> </table>	Women: 19%	Ages 20 - 29: 3%	Men: 81%	Ages 30 - 39: 9%		Ages 40 - 49: 7%		Ages 50 - 59: 48%		Ages 60 - 69: 31%		Ages 70 - 79: 1%
Women: 19%	Ages 20 - 29: 3%												
Men: 81%	Ages 30 - 39: 9%												
	Ages 40 - 49: 7%												
	Ages 50 - 59: 48%												
	Ages 60 - 69: 31%												
	Ages 70 - 79: 1%												
People	Health and Safety	GRI 403-1 Discussion on Management Approach	2020 Sustainability report, People										
People	Health and Safety	GRI 403-1 Occupational Health and Safety Management System	2020 Sustainability report, People										
People	Health and Safety	GRI 403-8 Workers Covered By Occupational Health and Safety Management System	2020 Sustainability report, People										
People	Health and Safety	GRI 403-9 Work-Related Injuries	2020 Sustainability report, People 2020 ESG Performance Summary										

⁶⁸ Attrition rate is calculated based on voluntary, involuntary, retirement and other departures as a percentage of the average annual number of regular employees.

Appendices

GRI Table

Category/Section	Topic	GRI Disclosure	2020
Planet	Climate Change and Environment Management	GRI 305-1 Discussion on Management Approach	2020 Sustainability report, Planet
Planet	Climate Change	GRI 305-1 Direct Scope 1 GHG Emissions	2020 Sustainability report, Planet
Planet	Climate Change	GRI 305-2 Energy Indirect (Scope 2) GHG Emissions	2020 Sustainability report, Planet
Planet	Environmental Management	GRI 307-1 Non-Compliance with Environmental Laws and Regulations	2020 Sustainability report, Planet
Community	Affordability	GRI 203-1 Discussion on Management Approach	2020 Sustainability report, Community
Community	Affordability	GRI 203-1 Indirect Economic Impacts	2020 Sustainability report, Community
Community	Indigenous Relations	GRI 411-1 Discussion on Management Approach	2020 Sustainability report, Community
Community	Economic Performance	GRI 201-1 Economic Value Generated and Distributed	2020 Sustainability report, Community
Community	Supply Chain	GRI 204-1 Proportion of Spending on Local Suppliers	2020 Sustainability report, Community
Community	Customer Service	GRI EU3 Discussion on Management Approach	2020 Sustainability report, Community
Community	Customer Service	GRI EU3 Number of Residential, Industrial, Institutional, and Commercial Customer Accounts	2020 SASB Table

Appendices

GRI Table

Category/Section	Topic	GRI Disclosure	2020		
Community	Reliability	GRI EU4 Length of Above and Underground Transmission and Distribution Lines by Regulatory Regime	<p>2020 Sustainability report, Hydro One At-A-Glance</p> <table border="1"> <tr> <td> <p>TX OVERHEAD: 115 kV: 10,507 km 230 kV (including 345 kV): 14,439 km 500 kV: 4,468 km</p> </td> <td> <p>TX UNDERGROUND: 115kV: 224km 230kV: 59km</p> </td> </tr> </table> <hr/> <p>DX- OVERHEAD</p> <ul style="list-style-type: none"> • 14.4/25.01 kV – 5,493 km • 16.0/27.6 kV- 11,108 km • 2.4/4.16 kV- 1,293 km • 4.8/8.32 kV- 50,666 km • 44 kV- 9,918 km • 7.2/12.51 kV- 34,785 km • 8.0/13.8 kV- 212 km <hr/> <p>DX- UNDERGROUND</p> <ul style="list-style-type: none"> • 14.4/25.01 kV – 97 km • 16.0/27.6 kV- 2,402 km • 2.4/4.16 kV- 323 km • 4.8/8.32 kV- 2,209 km • 44 kV- 54 km • 7.2/12.51 kV- 862 km • 8.0/13.8 kV- 110 km <hr/> <p>DX- SUBCABLE</p> <ul style="list-style-type: none"> • 14.4/25.01 kV – 406 km • 16.0/27.6 kV- 97 km • 2.4/4.16 kV- 12 km • 4.8/8.32 kV- 339 km • 44 kV- 21 km • 7.2/12.51 kV- 3,078 km • 8.0/13.8 kV- N/A 	<p>TX OVERHEAD: 115 kV: 10,507 km 230 kV (including 345 kV): 14,439 km 500 kV: 4,468 km</p>	<p>TX UNDERGROUND: 115kV: 224km 230kV: 59km</p>
		<p>TX OVERHEAD: 115 kV: 10,507 km 230 kV (including 345 kV): 14,439 km 500 kV: 4,468 km</p>	<p>TX UNDERGROUND: 115kV: 224km 230kV: 59km</p>		
GRI EU28 Average Power Outage Frequency (Transmission SAIFI) (# of Interruptions Per Delivery Point Per Year)	2020 ESG Performance Chart				
Community	Reliability	GRI EU28 Average Power Outage Frequency (Transmission SAIFI) (# of Interruptions Per Delivery Point Per Year)	2020 ESG Performance Chart		

Appendices

GRI Table

Category/Section	Topic	GRI Disclosure	2020
Community	Reliability	GRI EU28 Average Power Outage Frequency (Distribution SAIFI) (# of Interruptions Per Delivery Point Per Year)	2020 ESG Performance Chart
Community	Reliability	GRI EU29 Average Power Outage Duration (Transmission SAIDI) (Hours Per Customer Per Year)	2020 ESG Performance Chart
Community	Reliability	GRI EU29 Average Power Outage Frequency (Distribution SAIFI) (# of Interruptions Per Customer Per Year)	2020 ESG Performance Chart
Community	Business Model Pressures	Discussion on Management Approach	2020 Sustainability report, Community
Community	Business Model Pressures	GRI EU2 Net Energy Output – Transmission and Distribution (%) (Input)	Hydro One does not determine the energy mix for the Province of Ontario; this is a key responsibility of the Independent Electricity System Operator (IESO)

Appendices

GHD Letter of Assurance



July 26, 2021

Elise Croll
Director, Environmental Services
Hydro One Networks Inc.

Dear Ms. Croll:

Re: Independent Assurance Statement

The purpose of this letter is to clarify matters set out in the Assurance Report. It is not an Assurance Report and is not a substitute for the Assurance Report.

This letter and the verifier's Assurance Report, including the opinion(s), are addressed to you and are solely for your benefit in accordance with the terms of the contract. We consent to the release of this letter by you for inclusion in your corporate sustainability report.

In accordance with our engagement with you, and for the avoidance of doubt, we confirm that our *Verification Report: 2020 GHG Inventory* report to you (the "Assurance Report") incorporated the following matters:

1. Boundaries of the reporting company covered by the Assurance Report:

Hydro One Limited, through its wholly-owned subsidiaries, is Ontario's largest electricity transmission and distribution provider with approximately 1.4 million valued customers. Emissions from Hydro One Networks Inc. (Networks), Hydro One Remote Communities (Remotes), and Hydro One Telecom (Telecom) were included. Verification is completed at the corporate level.

2. Emissions data verified – broken down by Scope 1, and Scope 2, with figures given:

Total Entity-Wide Emissions Verified
Scope 1 Emissions: 183,056 tonnes CO₂e
Scope 2 Emissions: 161,666 tonnes CO₂e

3. Period covered

The reporting period is between 01/01/20 and 31/12/20.

4. Verification standard used:

For the verification of the 2020 GHG Report, GHD has applied ISO 14064-3.

5. Assurance opinion (including level of assurance and any qualifications)

The GHG Protocol states, "as a rule of thumb, an error is considered to be materially misleading if its value exceeds 5 percent of the total inventory for the part of the organization being verified". Consistent with this, and industry practice, GHD established a quantitative materiality for this verification of ±5 percent of the total reported GHG emissions. An individual error, misrepresentation, or a series of discrete errors, omissions or misrepresentations or individual or a series of qualitative factors, when aggregated may be considered material.

The purpose of this verification was to have an independent third party assess Hydro One's 2020 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 CONTACT: Mr. Gordon Reusing
TITLE: Principal

Accreditations: GHD is a Canadian based company accredited by the American National Standard Institute (ANSI) National Accreditation Board (ANAB/ANSI) under ISO 14065 to provide organizational level verification services.

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

LEAD VERIFIER: Ms. Dana Lauder, P.Eng. (Ontario)
TITLE: Project Manager

Dana Lauder, P.Eng.

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

Forward-looking Statements

Certain information in this report contains “forward-looking information” within the meaning of applicable Canadian 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 corporate strategy, including its ongoing and planned sustainability priorities and commitments, including target dates, as they relate to diversity, equity and inclusion, climate change mitigation and adaptation, Indigenous and community partnerships and other initiatives; the company’s commitment to achieving 30% female executives and female board members by 2022; the company’s commitment to achieving 3.5% Black executives and board directors and 5% Black student hires by 2025; the company’s commitment to achieving a target of 30% reduction of GHG emissions by 2030 and net-zero GHG emissions by 2050; the company’s commitment to increasing Indigenous procurement spend to 5% of the company’s total procurement spend by 2026; plans to transform 50% of Hydro One’s fleet of sedans and SUVs to plug-in electric or hybrid EVs by 2025 and 100% by 2030, to reduce SF₆ gas releases and to invest in energy efficient technologies; the advancement of initiatives to pursue renewable generation opportunities and conserve and protect Ontario’s biodiversity; the company’s plans to advance its environmental programs, including to prepare EPPs for all capital transmission projects in 2021, phase out PCBs by 2025 and remediate or assess 23 contaminated sites; the company’s plans to update its HSEMS to OHSAS 45001 standards; the company’s intentions to renegotiate collective agreements; expected future capital investments and expenditures and the nature and timing of these investments and expenditures as it relates to Hydro One’s CDM requirements and targets.

Words such as “aim”, “could”, “would”, “expect”, “anticipate”, “intend”, “attempt”, “may”, “plan”, “will”, “believe”, “seek”, “estimate”, “goal”, “target”, and 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: the scope of the COVID-19 pandemic and duration thereof as well as the effect and severity of corporate and other mitigation measures on the company’s operations, supply chain or employees; no unforeseen changes in the legislative and operating framework for Ontario’s electricity market; 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 Hydro One’s distribution and transmission businesses; no unfavourable changes in environmental regulation; continued use of U.S. generally accepted accounting principles (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; recoverability of costs and expenses related to the COVID-19 pandemic, including the costs of customer defaults resulting from the pandemic; completion of operating and capital projects that have been deferred; 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, 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’s most recent annual information form, the sections entitled “Risk Management and Risk Factors” and “Forward-Looking Statements and Information” in Hydro One’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’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’s profile at www.sedar.com. You should review such materials in detail, including the matters referenced therein.

Hydro One does not undertake or assume any obligation to update or revise any forward-looking information for any reason, except as required by applicable securities laws.