

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

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<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. 	

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<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.

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<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