

Task Force on Climate-related Financial Disclosures

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

	Summary of alignment with TCFD Recommendations	Location
Governance – Hydro One’s Board of Directors (Board) and management acknowledge the importance of good governance practices in management of climate-related issues.	Board Oversight <ul style="list-style-type: none">Hydro One’s Board of Directors, through its committees including the Indigenous Peoples, Safety & Operations Committee (the IPSO Committee), has oversight of sustainability at Hydro One, reviewing and approving the company’s sustainability priorities, its program, and its annual sustainability report.The IPSO Committee reviews Hydro One’s approach to issues related to sustainability including environment, grid reliability, efficiency, and flexibility.The IPSO Committee reviews material climate and environment events or developments and our progress against our goals related to climate change and other environmental issues.The IPSO Committee also assesses the company’s programs and approaches related to sustainability objectives, including the standards against which the company reports in areas such as climate change.The Enterprise Risk Management (ERM) function delivers quarterly updates to the Board and its committees. Management Oversight <ul style="list-style-type: none">Hydro One’s sustainability approach, program and strategy are overseen at an executive level by the EVP, Strategy, Energy Transition and Human Resources. The EVP Strategy, Energy Transition and Human Resources is supported by VP-level Sustainability Committee chaired by the VP, Sustainability. This Committee provides strategic advice and perspectives on current, emerging, and key sustainability issues including climate change, and directional oversight for all other ESG-related committees at the company.Hydro One established a managerial-level Climate Change Committee to oversee all matters related to climate change. This cross-functional committee meets regularly to focus on strategies and approaches to mitigate and adapt to climate change. The Climate Change Committee is supported in its mission by working groups on SF₆; climate change adaptation; and climate change management in fleet and facility operations.A key metric of our corporate scorecard for all our management team is reliability, which is influenced by both climate-related events and our resiliency efforts.	Our Approach section of the Sustainability Report Board of Directors Mandate IPSO Committee Mandate Management Information Circular

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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.	<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 considers the risks of climate change through our “Plan, Design and Build a Grid for the Future” strategic priority. <p>Climate-related risks</p> <ul style="list-style-type: none">In 2020, Hydro One conducted a corporate-wide dedicated climate-related risk assessment process to identify climate-related risks and opportunities, led by our ERM team with input from cross-functional teams.In 2022, we conducted a climate exposure analysis and preliminary vulnerability screening, to identify the hazards of climate change, characterize our exposure to climate risks, and help us better understand the impact of climate change in the future.In 2023, we dove deeper into the identified vulnerabilities and conducted a detailed quantitative analysis for high asset-hazard risk combinations. The findings related to climate-related risks are expected to inform the identification of climate adaptation actions.Our material climate-related risks are detailed in our annual and interim management’s discussion and analysis.Physical: Significant climate-related impacts to Hydro One’s business are physical risks to our assets. Our facilities are exposed to the effects of severe weather conditions and natural disasters. The Company recognizes the risks associated with potential climate change and has developed plans to respond as appropriate. Climate change may have the effect of shifting weather patterns and increasing the severity and frequency of extreme weather events and natural disasters, which could impact Hydro One’s business. The Company’s facilities may not withstand occurrences of these types in all circumstances. Notwithstanding Hydro One’s efforts to adapt and increase grid resilience, the Company’s facilities are exposed to risks which may have an adverse effect on grid resilience.The Company could also be subject to claims for damages from events which may be proximately connected with the Company’s assets (for example, wildfires), claims for damages caused by its failure to transmit or distribute electricity or costs related to ensuring its continued ability to transmit or distribute electricity. The Company does not have insurance for damage to its transmission and distribution wires, poles and towers located outside its transmission and distribution stations resulting from these or other events. Where insurance is available for the Company’s other assets and for damage claims, such insurance coverage may have deductibles, limits and/or exclusions that may still expose the Company to material losses.Hydro One’s corporate strategy considers these risks, through our “Plan, Design and Build a Grid for the Future” strategic priority.	<p>Climate Change Mitigation and Adaptation sections of the Sustainability Report</p> <p>2023 Annual Report</p> <p>2021 TCFD Disclosures</p> <p>2022 TCFD Disclosures</p>

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

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Risk Management – Hydro One has an ERM (Enterprise Risk Management) process to identify, assess and manage risks across the business, including climate-related risks and opportunities.	Climate Scenario Analysis <ul style="list-style-type: none">• In 2021, Hydro One conducted a qualitative scenario analysis to capture potential financial implications of climate change. The results found that acute impacts of climate change pose a risk to Hydro One but also illustrated the opportunities of a low-carbon transition. To capitalize on this expected increase in demand, Hydro One plans to continue to invest in the grid.• In 2023, a quantitative scenario analysis was completed to better understand the projected impacts of various climate hazards on Hydro One assets through near-, mid- and late-century. This assessment included evaluating risks at the asset-level for priority asset-hazard combinations. Results from this analysis are expected to support the development of a climate change adaptation plan that intends to support the implementation of various adaptation actions to mitigate the physical risks of a changing climate on Hydro One operations and assets.• Hydro One’s strategic priority to “Plan, Design and Build a Grid for the Future” aligns with the risks and opportunities posed by climate change. Through our adaptation program, we are continually investing in grid resilience.	Management Information Circular
	<ul style="list-style-type: none">• The Board of Directors is responsible for oversight of the principal risks of the business, which includes ESG. The Board ensures that management has an effective risk management framework, programs, and risk mitigation strategies in place, with a view to achieving an appropriate balance between the risks incurred as well as the potential returns and the long-term sustainability of the company.• The Board oversees and assesses the adequacy and effectiveness of programs and processes for identifying, assessing, and managing or mitigating the company’s principal risks and ensuring that primary oversight responsibility for each of the key risks identified in the ERM framework is assigned to the Board or one of its committees.• The ERM team provides an annual corporate risk profile report and quarterly updates on the company’s risk profile to the Board of Directors and its committees, consistent with the risk management oversight accountabilities of their mandates and as allocated by the Board. These reports chronicle the most “critical” risks to the achievement of the corporate strategy, including new and emerging risks, and are a key mechanism to integrating climate and other sustainability-related risks into Hydro One’s overall risk management process.• The identification, assessment and management of climate-related risks are integrated within management’s risk accountabilities and Hydro One’s ERM process. The ERM process enables Hydro One to proactively consider the critical and emerging enterprise risks essential to the achievement of our strategic objectives in an integrated, systematic, and transparent manner. Climate-related risks and opportunities are monitored regularly by management.• Climate-related risks and opportunities are identified and assessed through multiple channels. This includes project risk assessments, enterprise-wide climate-related scenario planning assessments, and executive leadership team risk workshops conducted by Hydro One’s ERM team.	

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Metrics and Targets – Hydro One reports year-over-year performance across many areas, including, GHG emissions, capital investments and reliability.	<ul style="list-style-type: none">• As an electricity transmission and distribution company, Hydro One is not considered a “high emitter” of GHG under Canadian law. Accordingly, we are not required to report on GHG emissions (other than SF₆). However, we recognize that GHG emissions are important to many of our stakeholders, and we disclose our annual GHG emissions.• Hydro One has committed to achieving net-zero GHG emissions by 2050. We have established a target to achieve a 30% GHG reduction by 2030 compared to the 2018 baseline. Hydro One is currently reviewing its 30% by 2030 target after assessing its Scope 1 and Scope 2 emissions over the past three years, in light of increases in Scope 2 emissions.• We measure and report annually on reliability indicators including System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI) for our distribution and transmission business.• The implementation of our climate adaptation plan is expected to include monitoring and evaluation to track progress. Hydro One intends to review the climate science and vulnerability assessment every five years.	<p>Climate Change Mitigation and Adaptation sections of the Sustainability Report</p> <p>GHD Letter of assurance</p> <p>ESG Data Index – Climate Change, Reliability</p>