

# Task force on climate-related financial disclosures – 2024

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   |
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| <b>Governance – Hydro One’s Board of Directors (“Board”) and management acknowledge the importance of good governance practices in management of climate-related issues.</b> | <b>Board Oversight</b>   | <b>Governance section of the Sustainability Report</b> |
|  | • 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. | <b>Board of Directors Mandate</b>                      |
|  | • The IPSO Committee reviews Hydro One’s approach to issues related to sustainability including environment, grid reliability, efficiency, and flexibility.  | <b>IPSO Committee Mandate</b>                          |
|  | • 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.  | <b>Management Information Circular</b>                 |
|  | • 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.  |  |

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| <p><b>Management oversight</b></p> <ul style="list-style-type: none"><li>• Hydro One’s sustainability approach, program and strategy are overseen at an executive level by the Executive Vice President, Strategy and Energy Transition, supported by the executive leadership team and a VP-level Sustainability Committee. The Committee provides strategic advice and perspectives on current, emerging, and key sustainability issues.</li><li>• Hydro One’s director-level Climate Change Committee oversees all matters related to climate change. This cross-functional team meets regularly to focus on strategies and approaches to mitigate and adapt to climate change. The Committee is supported in its mission by working groups on SF6 use and management; climate change adaptation; and climate change mitigation management in fleet and facility operations.</li><li>• A key metric of our corporate scorecard for all our management team is reliability, which is impacted by climate-related events. In 2024, an additional metric was introduced for Scope 1 greenhouse gas (GHG) emissions reduction.</li></ul> |          |

| Summary of alignment with TCFD recommendations  | Location   |
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| <p data-bbox="96 331 478 548"><b>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.</b></p> | <p data-bbox="1540 331 1870 391"><b>Environmental section of the Sustainability Report</b></p> <p data-bbox="545 331 801 357"><b>Climate-related risks</b></p> <p data-bbox="545 378 1392 438">Our material climate-related risks are detailed in our annual and interim management’s discussion and analysis.</p> <ul data-bbox="545 459 1467 1083" style="list-style-type: none"><li data-bbox="545 459 1467 833">• <b>Physical:</b> 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. Hydro One 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. Our facilities may not withstand occurrences of these types in all circumstances. Notwithstanding our efforts to adapt and increase grid resilience, Hydro One’s facilities are exposed to risks which may have an adverse effect on grid resilience.</li><li data-bbox="545 854 1467 1083">• Hydro One could also be subject to claims for damages from events which may be proximately connected with our 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. Hydro One 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.</li></ul> |

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| <p><b>Climate-related risks</b></p> <ul style="list-style-type: none"><li>• <b>Policy:</b> 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.</li><li>• Where insurance is available for our 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.</li><li>• <b>Regulatory:</b> 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.</li><li>• <b>Market:</b> 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.</li></ul> | <p><b>Customer section of the Sustainability Report</b></p> |

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| <p><b>Climate-related opportunities</b></p> <ul style="list-style-type: none"><li>• 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.</li><li>• 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.</li></ul> <p><b>Climate scenario analysis</b></p> <ul style="list-style-type: none"><li>• In 2021, Hydro One conducted a 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 illustrated the opportunities of a low-carbon transition. To capitalize on this expected increase in demand, Hydro One will need to continue to invest in the grid.</li><li>• 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. Results from this analysis are expected to support Hydro One’s power system resiliency governance.</li></ul> |          |

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| <p><b>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.</b></p> | <p><b>Management Information Circular</b></p> <ul style="list-style-type: none"><li>• The Board of Directors is responsible for oversight of the principal risks of the business, which includes risks related to 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.</li><li>• 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.</li><li>• The Board and its committees review the corporate risk annually, with quarterly updates, 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.</li><li>• 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.</li><li>• Climate-related risks and opportunities are identified and assessed through multiple channels including project risk assessments and enterprise-wide climate-related scenario planning assessments.</li></ul> |

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| <b>Metrics and Targets –</b><br><b>Hydro One reports year-over-year performance across many areas, including, GHG emissions, capital investments and reliability.</b> | <ul style="list-style-type: none"><li>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.</li></ul>  | <a href="#">Climate Change Mitigation section of the Sustainability Report</a> |
|   | <ul style="list-style-type: none"><li>Hydro One has committed to achieving net-zero GHG emissions by 2050, with an interim target to achieve a 30% GHG reduction by 2030 compared to the 2018 baseline. Following a review of its Scope 1 and Scope 2 emissions over the past three years, Hydro One has revised its target for achieving a reduction in GHG emissions to focus on an “operations-driven” target. Our target for Scope 2 emissions previously included both indirect emissions from its delivery system (such as line losses) and operations owned or controlled by the Company (such as energy consumption in its facilities). Our Scope 2 emissions from line losses, have increased over the period due to increased electricity demand and a changing generation mix in Ontario, which are factors beyond our control. As revised, Hydro One will focus on reducing its “operations-driven” Scope 1 and Scope 2 GHG emissions by 30% by 2030 against a 2018 baseline and achieving net zero emissions by 2050. We will measure and report on “operations-driven” Scope 1 and Scope 2 emissions, which include emissions directly related to our operations, including energy consumption in our facilities, emissions from our fleet, and other direct operational activities. Hydro One has adjusted to an “operations-driven” target because these emissions are directly in its control.</li></ul> | <a href="#">GHD Letter of Assurance</a>  |
|   |   | <a href="#">ESG Data Index</a>   |

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| <ul style="list-style-type: none"><li>• 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.</li><li>• Results from our climate adaptation analysis are expected to support Hydro One’s power system resiliency governance. Updates to ongoing adaptation work are expected to be provided in Hydro One’s annual Sustainability Report. Hydro One may consider an update every five years, or as required by changing legislation, to incorporate the latest climate science.</li></ul> |          |

Refer to the About the Report section of the [2024 Sustainability Report](#) for information on the report scope, process and frameworks.  
The Forward-looking Statements in the 2024 Sustainability Report applies to this document and is incorporated by reference into this document.