

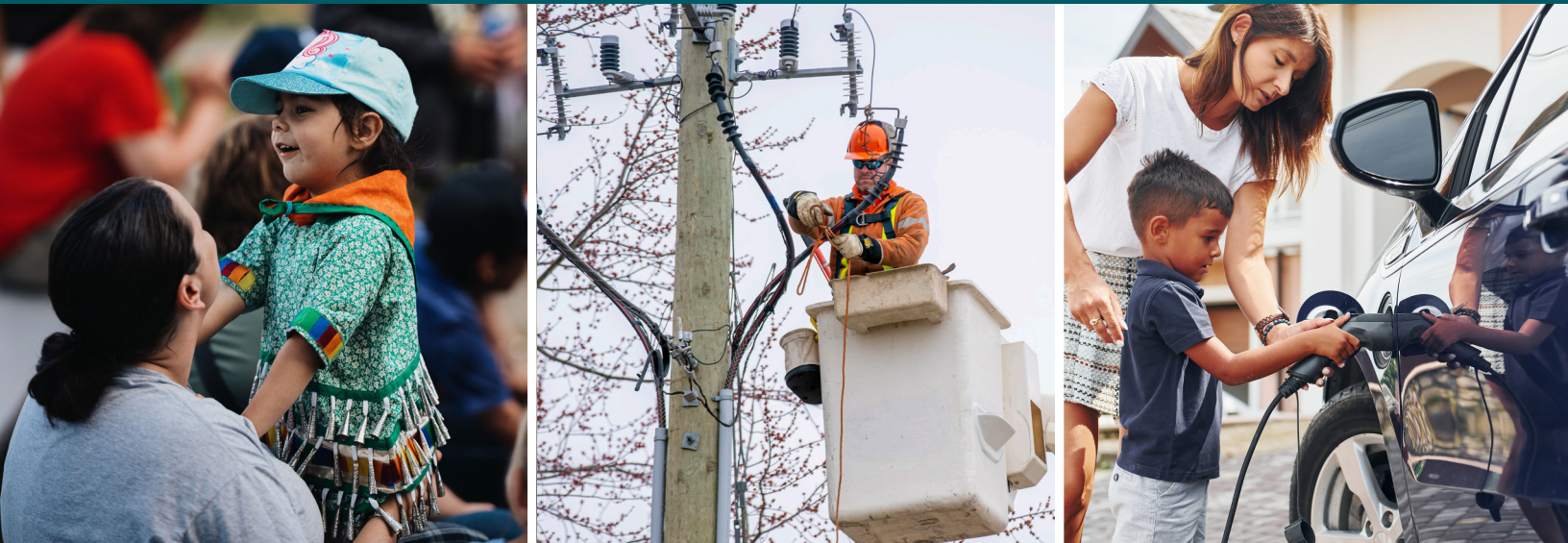


Hydro One Inc. Sustainable Bond Allocation Report

May 16, 2025



Hydro One completes allocation of \$1.95 billion of Sustainability and Green Bonds



In August 2024, Hydro One Limited (“Hydro One”) updated and published the Sustainable Financing Framework (as issued on August 13, 2024, the “Framework”) in which five eligible green categories and two eligible social categories were identified that align with our sustainable strategy and are intended to support the achievement of the corresponding applicable United Nations Sustainable Development Goals. The Framework has been reviewed by, and received a second party opinion from, Sustainalytics, a global leader in providing environmental, social and governance (ESG) research and analysis. Capitalized terms used but not otherwise defined herein have the meaning ascribed to them in the Framework.

This allocation report covers the reporting period from August 1, 2024 to December 31, 2024 (the “reporting period”). During the reporting period, Hydro One Inc., a subsidiary of Hydro One, issued \$1.95 billion aggregate principal amount of Sustainability Bonds and Green Bonds (collectively, “Sustainable Financing Instruments”) under the Framework.

This consisted of:

- an additional offering (re-opening) of \$500 million aggregate principal amount of 4.85% Medium Term Notes, Series 58, due 2054 (“Series 58 notes”), comprising Green Bonds under the Framework;
- an offering of \$700 million aggregate principal amount of 4.25% Medium Term Notes, Series 60, due 2035 (“Series 60 notes”), comprising Green Bonds under the Framework;
- an additional offering (re-opening) of \$375 million aggregate principal amount of 4.46% Medium Term Notes, Series 55, due 2053 (“Series 55 notes”), comprising Sustainability Bonds under the Framework; and
- an additional offering (re-opening) of \$375 million aggregate principal amount of Series 60 Notes, comprising Green Bonds under the Framework.

As of December 31, 2024, Hydro One has fully allocated the net proceeds of approximately \$1,973 million from the Sustainable Financing Instruments issued under the Framework during the reporting period, to finance Eligible Projects in the “Clean Energy”, “Energy Efficiency”, “Clean Transportation” and “Biodiversity Conservation” green categories and the “Socio-economic Advancement of Indigenous Peoples” social category.

A full description of the eligibility criteria for Eligible Projects is outlined in the Framework.

We engaged KPMG LLP to conduct an independent limited assurance engagement on the Schedule of Use of Sustainable Financing Instruments Proceeds (the “Schedule”) as at December 31, 2024.

The Schedule accompanies and should be read in conjunction with the appendix titled “2024 Sustainable Finance Impact Report ” in the [2024 Hydro One Sustainability Report](#) dated May 16, 2025, which discusses and provides case studies for specific Eligible Projects to which Hydro One has allocated funding, to support both the allocation and impact reporting commitments made in the Framework.

Hydro One previously established a Sustainable Financing Framework dated January 23, 2023 (the “2023 Framework”) that continues to apply in respect of certain sustainable financing instruments that were issued by Hydro One or its subsidiaries prior to August 13, 2024. Hydro One separately published an annual report addressing the allocation of funds with respect to sustainable financing instruments issued under the 2023 Framework.



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INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT

To the Board of Directors and Management of Hydro One Limited

We have undertaken a limited assurance engagement of the net proceeds allocated to eligible projects (the "Subject Matter Information") as reported within the Schedule of Use of Sustainable Financing Instruments Proceeds (the "Report"), as at December 31, 2024, based on applicable criteria for eligible projects as defined in the Hydro One Limited Sustainable Financing Framework dated August 13, 2024 (the "applicable criteria") of Hydro One Inc. (the "Entity").

Management's Responsibility

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

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

Our Responsibilities

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

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

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

- Evaluated the suitability of the criteria used by the Entity in preparing the Subject Matter Information in the circumstances of the engagement.



- Assessed the appropriateness of the allocation of the net proceeds to eligible projects in accordance with the applicable criteria;
- Through inquiries, obtained an understanding of the Entity's control environment, processes and systems relevant to the preparation of the Subject Matter Information, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness;
- Inspected a limited number of items to or from supporting records, as appropriate;
- Evaluated the presentation and disclosure of the Subject Matter Information made by the Entity in accordance with the applicable criteria.

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

Our Independence and Quality Management

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

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

Significant Inherent Limitations

Historical non-financial information, such as that contained in the Report, is subject to more inherent limitations than historical financial information, given the qualitative characteristics of the underlying subject matter and methods used for determining this information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable evaluation techniques, which can result in materially different measurements and can impact comparability. The nature and methods used to determine such information, as described in the applicable criteria, may change over time. It is important to read the Entity's reporting methodology disclosed in the Hydro One Limited Sustainable Financing Framework dated August 13, 2024.

Conclusion

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

Based on the procedures performed and evidence obtained, no matters have come to our attention that causes us to believe that the Entity's Subject Matter Information, as at December 31, 2024, is not prepared, in all material respects, in accordance with the applicable criteria.

**Purpose of Subject Matter Information**

The Subject Matter Information has been prepared in accordance with the applicable criteria and as a result may not be suitable for another purpose.

Restriction on Use

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

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants
Toronto, Canada

May 16, 2025

HYDRO ONE INC.
SCHEDULE OF USE OF SUSTAINABLE FINANCING INSTRUMENTS PROCEEDS
As at December 31, 2024
(in millions of Canadian dollars)

	2024
Net proceeds from Green Bonds	
Series 58 notes (additional offering/re-opening)	514.1
Series 60 notes	696.9
Series 60 notes (additional offering/re-opening)	383.0
Net proceeds available for allocation	1,594.0

Net proceeds allocated to Eligible Projects:

		% of net proceeds
Green Projects		
Clean Energy	1,537.7	96.5%
Energy Efficiency	56.3	3.5%
Biodiversity Conservation ¹	0.0	0.0%
Total allocated net proceeds	1,594.0	100.0%

Remaining balance of unallocated net proceeds

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¹ Rounded to the nearest hundred thousand

	2024
Net proceeds from Sustainability Bonds	
Series 55 notes (additional offering/re-opening)	379.0
Net proceeds available for allocation	379.0

Net proceeds allocated to Eligible Projects:

		% of net proceeds
Green Projects		
Clean Energy	338.5	89.3%
Clean Transportation	3.8	1.0%
Social Projects		
Socio-economic Advancement of Indigenous Peoples	36.7	9.7%
Total allocated net proceeds	379.0	100.0%

Remaining balance of unallocated net proceeds

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HYDRO ONE INC.
SCHEDULE OF USE OF SUSTAINABLE FINANCING INSTRUMENTS PROCEEDS
As at December 31, 2024
(in millions of Canadian dollars)

1. BACKGROUND

From August 1, 2024 to December 31, 2024, Hydro One Inc. issued an aggregate principal amount of \$1,950.0 million (gross proceeds of \$1,998.3 million) of medium term notes pursuant to Hydro One Limited's Sustainable Financing Framework (as issued on August 13, 2024, the "Framework") consisting of Sustainability Bonds and Green Bonds (collectively, "Sustainable Financing Instruments"), including:

- an additional offering (re-opening) of \$500 million aggregate principal amount of 4.85% Medium Term Notes, Series 58, due 2054 ("Series 58 notes"), comprising Green Bonds under the Framework that closed on August 20, 2024;
- an offering of \$700 million aggregate principal amount of 4.25% Medium Term Notes, Series 60, due 2035 ("Series 60 notes"), comprising Green Bonds under the Framework that closed on August 20, 2024;
- an additional offering (re-opening) of \$375 million aggregate principal amount of 4.46% Medium Term Notes, Series 55, due 2053 ("Series 55 notes"), comprising Sustainability Bonds under the Framework that closed on December 11, 2024; and
- an additional offering (re-opening) of \$375 million aggregate principal amount of Series 60 notes, comprising Green Bonds under the Framework that closed on December 11, 2024

The net proceeds from the issuance of the Sustainable Financing Instruments under the Framework were approximately \$1,973.0 million. The net proceeds amount is derived from the gross proceeds of \$1,998.3 million net of \$8.7 million in issuance fees and excluding \$16.6 million of accrued interest paid to Hydro One Inc. in connection with the re-openings of such Series 55 notes, Series 58 notes and Series 60 notes.

As at December 31, 2024, the net proceeds from the Sustainable Financing Instruments were fully allocated to Eligible Projects as described in the Framework.

2. BASIS OF ACCOUNTING

Net proceeds obtained from Hydro One Inc.'s Sustainability Bonds will be allocated or used to finance and/or refinance, in whole or in part, new and/or existing Eligible Projects that are Green Projects or Social Projects pursuant to the Framework. Net proceeds obtained from Hydro One Inc.'s Green Bonds will be allocated or used to finance and/or refinance, in whole or in part, new and/or existing Eligible Projects that are Green Projects pursuant to the Framework.

The Schedule of Use of Sustainable Financing Instruments Proceeds was prepared to report on the allocation of proceeds to the Eligible Projects that were approved under the Framework. The Schedule of Use of Sustainable Financing Instruments Proceeds was prepared to assist Hydro One Inc. in disclosing its use of proceeds allocation for the Sustainable Financing Instruments issued pursuant to the Framework. As a result, it may not be suitable for other purposes.