

Hydro One Limited

Audit Committee Mandate

The Audit Committee (the “**Committee**”) of Hydro One Limited (including its subsidiaries, the “**Company**”) focuses on oversight of the overall quality of the financial reporting, auditing, accounting and internal accounting control matters of the Company and the related required disclosures.

Purpose

The Committee, as a standing Committee appointed by the board of directors of the Company (the “**Board**”), assists the Board in fulfilling its oversight responsibilities. The Committee’s principal responsibilities include overseeing:

- (a) the external audit process and the independence, qualification, appointment, performance and compensation of the external auditors;
- (b) the internal audit, accounting, accounting controls and finance processes, including the work and performance of the internal finance, accounting and audit functions;
- (c) the integrity of the Company’s financial statements and financial reporting processes, including the audit process and the Company’s internal control over financial reporting and disclosure controls and procedures;
- (d) the Company’s compliance with the applicable legal and regulatory requirements relating to accounting, auditing and internal control matters, including the procedures for managing the key risks associated with and any complaints relating to accounting, internal accounting controls or auditing matters; and
- (e) the adequacy and quality of the Company’s cyber security and information technology systems, policies and programs.

Responsibilities

The principal responsibilities of the Committee are set out below.

External & Internal Auditors

Selection & Oversight of the External Auditors

1. Review and approve the terms of engagement and, if the shareholders authorize the Board to do so, the compensation to be paid by the Company to the external auditors with respect to the conduct of the annual audit. The external auditors are ultimately accountable to the Committee and the Board as the representatives of the shareholders of the Company and will report directly to the Committee and the Committee will so instruct the external auditors. The Committee has the authority to communicate with the external auditors directly.
2. Oversee and evaluate the selection, work, quality of service, professionalism and performance of the external auditors, including having authority to terminate the external auditors, and make recommendations to the Board on the appointment or reappointment of the external auditors of the Company to be proposed for shareholder approval.
3. If a change in external auditors is proposed by the Committee or management of the Company, the Committee will review the reasons for the change and any other significant issues related to the change, including the response of the incumbent external auditors, and enquire of the qualifications of the proposed external auditors before making its recommendation to the Board.
4. Review and approve policies and procedures for the pre-approval of services to be rendered by the external auditors. All permissible non-audit services to be provided to the Company by the external auditors or any of their affiliates that are not covered by pre-approval policies and procedures approved by the Committee will be subject to pre-approval by the Committee. The Committee will have the sole discretion to prohibit the external auditors from providing certain non-audit services to the Company. The Committee will also review and approve disclosures with respect to permissible non-audit services.
5. Oversee and review the independence, objectivity and professional skepticism of the external auditors and make recommendations to the Board on appropriate actions to be taken to protect and enhance the independence, objectivity, and professional skepticism of the external auditors. In connection with such review, the Committee will:
 - (a) actively engage in a dialogue with the external auditors about all relationships or services that may impact the objectivity and independence of the external auditors, including whether there are any disputes, restrictions or limitations placed on their work;
 - (b) obtain from external auditors at least annually, a formal written statement delineating all relationships between the Company and the external auditors and its affiliates;

- (c) ensure the rotation of the lead (and concurring) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by applicable law or professional practice; and
 - (d) consider the auditor independence standards promulgated by applicable auditing professional and regulatory bodies.
6. Review and approve policies for the hiring by the Company of partners, employees, former partners or former employees of the current or former external auditors.
 7. Require the external auditors to provide to the Committee, and receive, review and discuss with the external auditors, all notices and reports which the external auditors are required to provide to the Committee or the Board under the rules, policies or practices of professional or regulatory bodies applicable to the external auditors, and any other reports which the Committee may require. Such reports will include:
 - (a) a description of the external auditors' internal quality-control procedures, any material issues respecting the external auditors raised by the most recent internal quality-control review, peer review or review body with auditing oversight responsibility over the external auditors, or by any inquiry or investigation by professional or regulatory authorities, within the preceding five (5) years, respecting one or more independent audits carried out by the external auditors, and any steps taken to address any such issues; and
 - (b) a report describing: (i) the proposed audit plan and approach, (ii) all critical accounting policies and practices to be used by the Company; (iii) all alternative treatments of financial information within generally accepted accounting principles applicable to the Company related to material items that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditors; and (iv) other material written communication between the external auditors and management, such as any management letter or schedule of unadjusted differences.
 8. Meet periodically with the external auditors to review their audit plan for the year, its general scope and approach, progress of their activities, any significant findings stemming from the external audit, any changes required in the planned scope of their audit plan, whether there are any disputes or any restrictions or limitations on the external auditors and other material audit activities.

9. Oversee and review the experience and qualifications of the audit team and review the work and performance of the external auditors, including assessing their effectiveness and quality of service, annually and, every five (5) years, perform a comprehensive review of the performance of the external auditors over multiple years to provide further insight on the audit firm, its independence and application of professional standards.

Appointment & Oversight of Internal Auditors

10. Oversee, review and approve the appointment, terms of engagement, compensation, replacement and/or dismissal of the internal auditors. When the internal audit function is performed by employees of the Company, the Committee may delegate responsibility to management for approving the employment, terms of employment, compensation and termination of employees engaged in such function other than the head of the Company's internal audit function.
11. Meet periodically with the internal auditors to review and approve their audit plan for the year, its general scope and approach, progress of their activities, any significant findings stemming from internal audits, any changes required in the planned scope of their audit plan, whether there are any disputes or any restrictions or limitations on the internal audit and other material audit activities.
12. Review summaries of the significant reports to management prepared by the internal auditors, or the actual reports if requested by the Committee, and management's responses to such reports.
13. Communicate with, as it deems necessary, the internal auditors with respect to their reports and recommendations, the extent to which prior recommendations have been implemented and any other matters that the internal auditors bring to the attention of the Committee. The head of the internal audit function will have unrestricted access to the Committee.
14. Evaluate annually or more frequently as the Committee deems necessary, the internal audit function, including its activities, organizational structure, independence, objectivity and the qualifications, effectiveness and adequacy of the function.
15. Discuss with the internal auditors any key issues identified by the internal auditors.

Oversight & Review of Accounting Principles & Practices

16. Oversee, review and discuss with management, the external auditors and the internal auditors (together and separately, as it deems necessary), among other items and matters:
 - (a) the integrity, quality, appropriateness and acceptability of the Company's accounting principles, practices and policies used in its financial reporting, their consistency from period to period, changes in the Company's accounting principles or practices or critical accounting estimates and the application of particular accounting principles and disclosure practices by management to new transactions or events;
 - (b) all significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including the effects of alternative methods within generally accepted accounting principles applicable to the financial statements and any "second opinions" sought by management from an external auditor with respect to the accounting treatment of a particular item;
 - (c) any material changes to the Company's auditing and accounting principles or practices or critical accounting estimates as recommended by management, the external auditors or the internal auditors or which may result from proposed changes to applicable generally accepted accounting principles and practices;
 - (d) the extent to which any changes or improvements in accounting or financial practices, as approved by the Committee, have been implemented;
 - (e) any reserves, accruals, provisions or estimates that may have a material effect upon the financial statements of the Company;
 - (f) the use of any "pro forma" or "adjusted" financial information, forecasts, projections or other financial measures which are not in accordance with applicable generally accepted accounting principles;
 - (g) the effect of regulatory and accounting initiatives and changes thereto on the Company's financial statements and other financial disclosures; and
 - (h) legal matters, claims and contingencies that are reasonably expected to have a significant impact on the Company's financial statements or other financial disclosures.

17. Review and resolve disagreements between management and the external auditors regarding financial reporting or the application of any accounting principles or practices.

Oversight & Monitoring of Internal Controls

18. Oversee, review and discuss with management, the external auditors and the internal auditors (together and separately, as it deems necessary):
 - (a) the adequacy and effectiveness of the Company's internal control over financial reporting ("ICFR") and disclosure controls and procedures ("DC&P") designed to ensure compliance with applicable laws and regulations and the Company's policies and procedures;
 - (b) any significant deficiencies or material weaknesses in ICFR or DC&P, and management's plans for their remediation;
 - (c) the adequacy of the Company's internal controls and any related significant findings and recommendations of the external auditors and internal auditors, together with management's responses thereto; and
 - (d) management's compliance with the Company's policies, processes, procedures and internal controls.

Oversight & Monitoring of Financial Reporting & Disclosures

19. Review with the external auditors and management and recommend to the Board for approval the audited annual financial statements and unaudited interim financial statements, and the notes and managements' discussion and analyses accompanying all such financial statements, the Company's annual report and any other disclosure documents or regulatory filings containing, derived from or accompanying financial information of the Company, prior to the release of any financial results or the filing of such reports with applicable regulators.
20. Review and discuss earnings press releases prior to their distribution, as well as financial information and earnings guidance prior to public disclosure, it being understood that such discussions may, in the discretion of the Committee, be done generally (i.e., by discussing the types of information to be disclosed and the type of presentation to be made).
21. Review with management and oversee the adequacy of the Company's DC&P and material changes to the design of the Company's DC&P.
22. Meet with management to review the adequacy of the processes and systems in place for ensuring the accuracy and reliability of public disclosure documents that contain audited and unaudited financial information.

Oversight of Finance Matters

23. Periodically review matters pertaining to the Company's material policies and practices respecting cash management and material financing strategies or policies or proposed financing arrangements and objectives of the Company.
24. Periodically review the Company's major financial, capital, accounting, audit and internal control risk exposures (including foreign exchange and interest rate) and management's initiatives to manage such exposures, including the use of financial derivatives and hedging activities.
25. Review and discuss with management all material off-balance sheet transactions, arrangements, obligations (including contingent obligations), leases and other relationships of the Company with unconsolidated entities or related parties, that may have a material current or future effect on the Company's financial condition, results of operations, liquidity, capital resources, capital reserves, or significant components of revenues or expenses.
26. Review and discuss with management the Company's effective tax rate, adequacy of tax reserves, tax payments and reporting of any pending tax audits or assessments, and material tax policies and tax planning initiatives.
27. Review the organizational structure of the finance function and satisfy itself as to the qualifications, effectiveness and adequacy of the function.
28. Review on an annual basis reports on the expense accounts of the Chief Executive Officer and his or her direct reports.

Whistleblower Policy & Fraud Risk Management Programs

29. Oversee the establishment and maintenance of and review and recommend to the Board for approval changes to the procedures for:
 - (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters (collectively, "**Accounting and Auditing Matters**"); and
 - (ii) the confidential, anonymous submission of concerns regarding questionable Accounting and Auditing Matters, including under the Whistleblower Policy.
30. Oversee management's monitoring of and compliance with and the investigation of complaints regarding Accounting and Auditing Matters under the Whistleblower Policy.

31. Oversee the Company's Fraud Risk Assessment Management Program, including the adequacy and completeness of the process for identifying and assessing Accounting and Auditing Matters facing the Company, and monitor management's compliance with that program.
32. Review the adequacy and effectiveness of Accounting and Auditing Matters under the Whistleblower Policy and Fraud Risk Assessment Management Program and oversee management's corrective programs and measures to address any deficiencies identified therein.

Cyber Security & Information Technology

33. Receive and review reports from management on (i) the Company's cyber security, data privacy and information technology infrastructure, policies and programs, and (ii) management's progress on implementing any major information technology system or program changes, together with any material changes.
34. Oversee the sufficiency and quality of resources for the management of significant cyber security, data privacy and information technology related risks and measures taken to protect the security and integrity of the Company's management information systems and its customer and supplier data.
35. Review (i) management's preparedness for crisis response and communications plan with respect to cyber security, data privacy and information technology events, breaches, incidents or matters and (ii) actual incidents, breaches or investigations related to cyber security, data privacy and information technology.

Risk Management

36. Meet with the head of the Company's Enterprise Risk Management function not less than once annually to discuss the risks assigned to the Committee and the adequacy and completeness of management's programs and processes for identifying, assessing and managing such risks.

General

Policies

37. The Committee is responsible for reviewing and approving, or reviewing and recommending to the Board for approval, the policies listed on Appendix “A”.
38. The committee is responsible for reviewing and recommending to the Governance & Regulatory Committee any proposed amendments to this Mandate.

Procedures

39. **Number and Appointment of Members** – The members of the Committee will be appointed by the Board annually and each member of the Committee will remain on the Committee until his or her successor is duly appointed or upon his or her earlier resignation or removal in accordance with this Mandate. The Committee will be composed of not less than three (3) Board members, each of whom shall be “independent” as defined in National Instrument 52-110- Audit Committees (as amended, revised or replaced from time to time, “**NI 52 110**”), subject to the exceptions of NI 52-110.
40. **Financial Literacy** – Each member must be “financially literate” within the meaning of the applicable requirements or guidelines for audit committee service under securities laws or the rules of any applicable stock exchange, including **NI 52 110**. At least one member will otherwise qualify as an “audit committee financial expert” as defined by applicable rules of the United States Securities and Exchange Commission.
41. **Cross-Appointment** – No member may serve on the audit committee of more than two other public companies, unless the Board has determined that such simultaneous service would not impair the ability of the member to serve effectively on the Committee.
42. **Removal, Replacement and Vacancy of Committee Members** – Any member of the Committee may be removed or replaced at any time by the Board and will automatically cease to be a member of the Committee upon ceasing to be a director. The Board will fill any vacancy if the membership of the Committee is less than three (3) directors. Whenever there is a vacancy on the Committee, the remaining members may exercise all of its powers if a quorum remains in office.
43. **Committee Chair** – Unless a Chair of the Committee is designated by the Board, the members of the Committee may designate a Chair by majority vote of the Committee. If the Committee Chair is not present at any meeting of the Committee, one of the other members of the Committee who is present will be chosen by the Committee to preside at the meeting. The Committee Chair will be responsible for carrying out the duties and responsibilities prescribed for Committee Chairs in the Company’s Position Description for Committee Chairs.

44. **Meetings** – The Committee will meet regularly and as often as it deems necessary to perform the duties and discharge its responsibilities as described herein in a timely manner, but not less than four (4) times a year. The Committee will maintain written minutes of its meetings, which will be filed with the Company’s corporate minute books.
45. **Separate In Camera Meetings** – The Committee will meet at each meeting of the Committee without management or non-independent directors present, unless otherwise determined by the Committee Chair.
46. **Reliance** – Absent actual knowledge to the contrary (which must be promptly reported to the Board), each member of the Committee will be entitled to rely on: (a) the integrity of those persons or organizations within and outside the Company from which it receives information; (b) the accuracy of the financial and other information provided to the Committee by such persons or organizations; and (c) representations made by management and the external auditors as to any information technology, internal audit and other permissible non-audit services provided by the external auditors to the Company.

Approved by the Board on February 14, 2023.

Appendix “A”

Policies

- (a) Audit & Non-Audit Services Pre-Approval Policy;
- (b) Policy for Hiring Employees/Former Employees of the External Auditor;
- (c) Fraud Risk Assessment Management Program;
- (d) Anti-Bribery and Anti-Corruption Policy;
- (e) Whistleblower Policy (for accounting, internal account controls and auditing matters);
- (f) Delegation and Exercise of Authority Policy and Expenditure Authority Register; and
- (g) Corporate Disclosure Policy.