

For the Possibilities of Tomorrow

Hydro One Limited (referred to as “Hydro One” or “the Company”) is committed to creating a brighter, sustainable future for all Ontarians. Through our business, we are growing and evolving to meet the expectations of our customers, employees, communities, regulator, Indigenous peoples and shareholders.

Our 2019 Sustainability Report provides a balanced account of our environmental, social and governance (ESG) performance and is intended to give stakeholders a better understanding of how Hydro One manages the opportunities and challenges associated with our business.

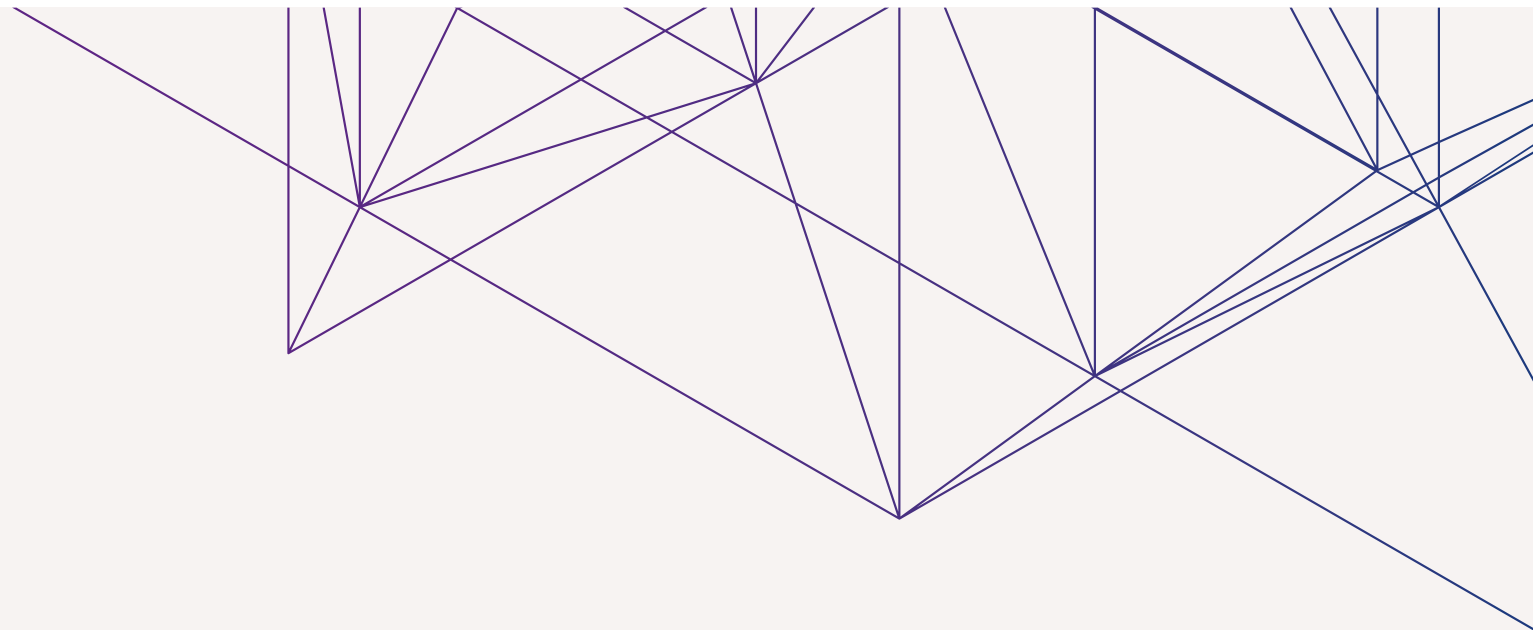
Our report addresses many of the sustainability elements included in Hydro One’s new corporate strategy. The report starts with **People and Potential** as our talent supports our strategy and then has the following section structure: **Plan, Design and Build a Grid for the Future, Be the Safest and Most Efficient Utility, Be a Trusted Partner, Advocate for Our Customers, and Innovate and Grow the Business.**

Hydro One is committed to producing an annual sustainability update and to continuously increase the transparency and accountability of our ESG disclosures. We are guided in our reporting by the Global Reporting Initiative (GRI) Core Sustainability Reporting Standards¹; the Sustainability Accounting Standards Board (SASB)²; the Canadian Electricity Association’s (CEA) Sustainable Electricity Company™³ designation; and our most recent (2018) sustainability materiality assessment.

As part of this report, the greenhouse gas (GHG) emissions data for 2019 has been verified by GHD Limited.⁴

This report reflects our performance from January 1 to December 31, 2019. The information contained within this report is for Hydro One Limited. In instances where data is only available for Hydro One Networks Inc. (Hydro One Networks), it will be noted with an asterisk (*). All financial figures are reported in Canadian dollars.

1. The GRI core sustainability reporting standards are global standards for sustainability reporting. The GRI index can be found in the appendix.
2. SASB is an independent non-profit organization, whose mission is to develop and disseminate sustainability accounting standards that help public corporations disclose material, organization decision-useful information to investors. The SASB table can be found in the appendix.
3. Sustainable Electricity Company™ brand is a designation established by the CEA, based primarily on ISO 26000 Guidance on Social Responsibility.
4. The letter of assurance from GHD Limited can be found in the appendix.



Forward-Looking Statements

This report may contain “forward-looking information” within the meaning of applicable securities laws. Forward-looking information in this report is based on current expectations, estimates, forecasts and projections about Hydro One’s business and the industry in which Hydro One operates and includes beliefs of and assumptions made by management. Such statements include, but are not limited to, statements related to Hydro One’s mission and strategy, including our approach to sustainability and stakeholder engagement; statements about planning, designing, and building a grid for the future, including statements about environmental impacts of and on our operations, maintaining and improving reliability, investments in technology, infrastructure, and facilities, meeting future demands, actions with respect to our greenhouse gases and fleet, climate change, our environmental stewardship activities, and advancing our environmental programs; statements related to health, safety and efficiency, including environmental management and stewardship programs, improving our safety culture; COVID-19, and increasing efficiency and productivity; statements related to our relationships with Indigenous customers and communities, including actions to strengthen our Indigenous partnerships, procurement and employment opportunities, and building and investing in community partnerships, partnerships with government, and other industry partners; statements about supply chain initiatives; statements about advocating for our customers, including customer connections, relationships with

government and industry and supporting local economic growth, supporting customer accessibility and affordability; statements about growth, including Energy Impact Partners and the Ivy Charging Network; statements about charitable giving; statements about building the talent and capacity of our employees; statements about collective bargaining and working collaboratively with our unions; and statements about diversity and inclusion.

Words such as “expect,” “anticipate,” “intend,” “attempt,” “may,” “plan,” “will,” “can,” “believe,” “seek,” “estimate,” and variations of such words and similar expressions are intended to identify such forward-looking information. These statements are not guarantees of future performance or actions and involve assumptions and risks and uncertainties that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed, implied or forecasted in such forward-looking information. Some of the factors that could cause actual results or outcomes to differ materially from the results expressed, implied or forecasted by such forward-looking information, including some of the assumptions used in making such statements, are discussed more fully in Hydro One’s filings with the securities regulatory authorities in Canada, which are available on SEDAR at www.sedar.com. Hydro One does not intend, and it disclaims any obligation, to update any forward-looking information, except as required by law.

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Message from Our President and CEO

The events of 2020 have put a spotlight on the collective responsibility that governments, companies and individuals share in building a more sustainable world with equal, inclusive opportunities for people of all races, orientations and backgrounds. During this historic moment, corporations will be evaluated for their commitment and contributions to helping customers and communities, standing up for employee equity and inclusion, and responsibly adapting to a changing world.

Our vision of a better and brighter future for all and our mission to energize life for people and communities through a network built for the possibilities of tomorrow are more important now than ever. Our greater purpose – to energize life – will be guided by our core values and the actions we take now and into the future.

As an essential business, we carry a great responsibility in the critical role we play in powering the province. At Hydro One, we are doing everything we can to protect our employees, energize life in Ontario and stand up for customers and communities.

When I took the helm a little more than a year ago, Hydro One had undergone a period of significant change and challenge. Since then, a clear vision and Ontario-focused strategy have provided the direction and stability to emerge from this challenging time stronger and more committed to being customer-driven, sustainable, safe and efficient. An underpinning to this is our workplace diversity and inclusion policy which reinforces our commitment to providing an equitable and inclusive work environment that celebrates diversity as a strength.

I am proud of our progress toward becoming a sustainability leader in the utilities sector. By embedding sustainability into our business planning and decision-making, we are focusing on what matters most – looking out for the future of our customers, our people, our industry, Ontarians and our planet.

We took action in 2019 to improve safety, reliability, efficiency, customer service and our relationships with Indigenous communities, industry and government – these actions have prepared us for the unprecedented situation we are navigating today.

“Our sustainability program focuses on reducing the impacts of climate change, building strong partnerships with Indigenous communities and diversifying our talent to better represent the communities where we live and work.”

Our sustainability program focuses on reducing the impacts of climate change, building strong partnerships with Indigenous communities and diversifying our talent to better represent the communities where we live and work. Through our ongoing efforts, I am proud to say we achieved our re-designation as a sustainable electricity company from the Canadian Electricity Association.

Last year, we were recognized with an award for our contributions to the Indigenous economy by increasing our procurement spend with Indigenous businesses to \$41.3 million. We also completed a large-scale Indigenous-owned transmission project, the Niagara Reinforcement Line, with our partners, the Six Nations of the Grand River Development Corporation and the Mississaugas of the Credit First Nation.

Through our community investment program, Building Safe Communities, we trained over 200,000 young people to play safe or save a life and provided 125 donations and sponsorships to over 70 community organizations.

Our commitment to people and building a positive and inclusive workplace earned us the distinction of appearing on the Forbes



Mark Poweska
President & CEO

Best Employer list for the fifth consecutive year. Through the initiative of our highly engaged employees we were also recognized with a workplace diversity and inclusion award for our Employee Resource Groups. We are proud of this achievement, but know that we have work to do in addressing systemic biases including racism. We are committed to listening, understanding and examining our own assumptions in order to take action to promote racial equality.

While Hydro One’s reportable injuries have declined to industry-leading rates, we have seen an increase in serious injuries. In March, we tragically lost one of our colleagues who sustained a fatal injury during a forestry incident in the Minden area. This is not acceptable to me and I personally will not rest until we have eliminated serious injuries from our organization.

Safety and social responsibility are now in sharp focus around the world. Since the pandemic began, we adapted quickly. We’ve found new ways to collaborate, we’ve developed innovative solutions and we’re more in tune than ever with the needs of our customers and communities. Once this chapter is over, we will be safer, more flexible and more efficient.

Our Company has a century-long legacy of solving challenging problems through ingenuity, determination, and resilience. We will emerge from this situation a stronger and more sustainable Company, and we will do it in partnership with our employees, customers, communities, Indigenous peoples, governments and industry.

Mark Poweska, (he/him)
President and CEO

Our Sustainability Snapshot

Our vision of a better and brighter future for all guides our sustainability priorities. Through the identification of our key sustainability issues, we understand what matters most to our business, stakeholders and partners.

As a transmission and distribution company, we are focused on three priority areas where we believe we can make the greatest impact.

We are focusing on the impact of climate change on our business and on how we can reduce our environmental footprint; strengthening our Indigenous and community partnerships in order to build socio-economic capacity across the province; and diversifying our talent across our workforce.

We will publicly share our progress towards achieving these goals in our annual sustainability update.

Our Sustainability Priorities



Climate Change and Extreme Weather

- Establish a GHG reduction target
- Continue to include climate change considerations into grid resiliency decisions and plans



Indigenous and Community Partnerships

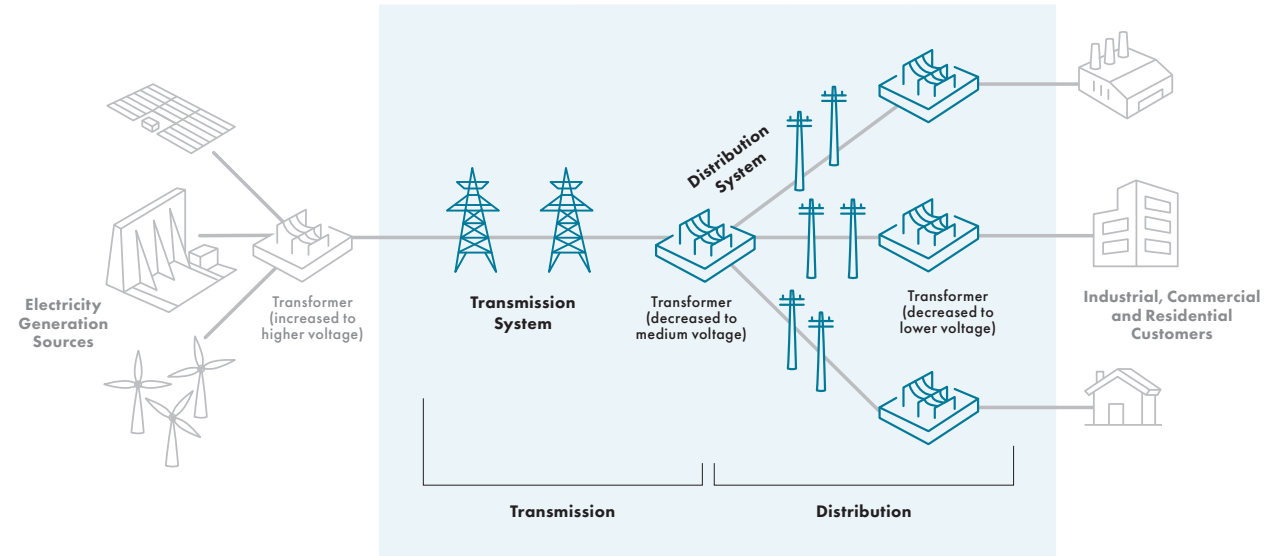
- Continue to build the Indigenous economy through partnerships
- Build safe communities by supporting youth initiatives that promote safety training and safe play



Diversifying Talent

- Set broader Diversity and Inclusion hiring goals
- Eliminate unconscious bias in the workplace through programs that address systemic discrimination

Our Role as a Transmission and Distribution Company



Our Role in Ontario's Electricity System

Our provincial transmission and distribution system safely and reliably serves communities throughout Ontario. Hydro One's transmission business operates and maintains most of the high-voltage transmission system that carries electricity from generators to local electric utilities or large industrial customers, such as manufacturers. Through our distribution business, we also operate and maintain low-voltage distribution systems that carry electricity from transformer stations to distribution stations, to pole-top transformers through power lines, and into homes and businesses.

A mix of private companies and government-owned entities generate power for all of Ontario and the necessary sources of power are determined by the Independent Electricity System Operator. The clean power Hydro One delivers over our transmission and distribution lines comes from approximately 96% zero-carbon emitting sources.⁵

5. As determined by the Canadian Energy Regulator, Ontario's electricity mix has increased from 90% to 96% zero-carbon emitting sources over the period 2014–2018.
www.statista.com/statistics/482978/ontario-electricity-production-by-energy-source
www.cer-rec.gc.ca/nrg/nrgtd/mrkt/nrgstmpfls/on-eng.html

CORPORATE PROFILE

Hydro One Limited, through its wholly-owned subsidiaries, is Ontario's largest electricity transmission and distribution provider with approximately 1.4 million valued customers, approximately \$27.1 billion in assets as of December 31, 2019, and annual revenues in 2019 of approximately \$6.5 billion. Our team of approximately 8,800 skilled and dedicated employees proudly builds and maintains a safe and reliable electricity system, which is essential to supporting strong and successful communities. In 2019, Hydro One invested approximately \$1.7 billion in its transmission and distribution networks and supported the economy through buying approximately \$1.5 billion of goods and services.

Hydro One's Business Network

Our Regulated Business

Transmission

Our transmission system transmits high-voltage electricity from nuclear, hydroelectric, natural gas, wind and solar sources to distribution companies and industrial customers across Ontario. Our system accounts for approximately 98%⁶ of Ontario's transmission capacity with 30,122 circuit kilometres of high-voltage transmission lines. We also own and operate 25 cross-border interconnections with neighbouring provinces and the United States of America, which allow electricity to flow into and out of Ontario.

Distribution

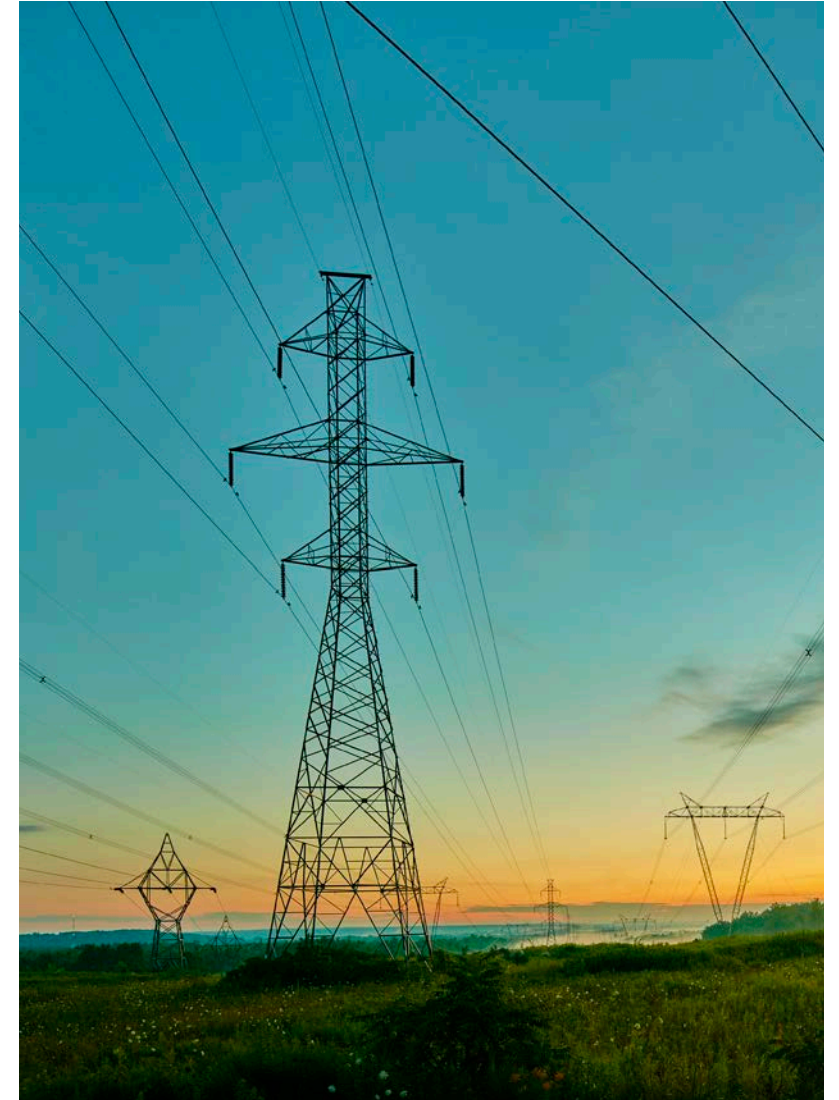
Our distribution system is the largest⁷ in Ontario. It consists of 123,422 circuit kilometres of primary low-voltage power lines serving approximately 1.4 million customers, mostly in rural areas. As well, Hydro One Remote Communities serves customers in one grid-connected and 21 off-grid communities in Ontario's Far North.

For the year ended December 31 2019, Hydro One's transmission and distribution business segments accounted for 99% of the Company's total revenues, net of purchased power.

Our Unregulated Business

Our unregulated business consists principally of our telecommunications business, Hydro One Telecom Inc. (Telecom), which provides telecommunications support for Hydro One's transmission and distribution businesses as well as other business customers. Telecom offers comprehensive communications and information technology services and solutions (cloud services, managed services and security-based services) that extend beyond the core fibre and connectivity services it has traditionally offered.

Our other segment also includes corporate activities such as the deferred tax assets which arose on the transition from the provincial payment in lieu of tax regime to the federal tax regime at the time of the Company's initial public offering in 2015 and reflects the revaluation of the tax basis of Hydro One's assets to fair market value.



6. Based on revenue approved by the Ontario Energy Board (OEB).

7. Based on customers (per the OEB yearbook).

Our Corporate Mission & Strategy

Our mission is to energize life for people and communities through a network built for the possibilities of tomorrow. We are mindful that our decisions today are key to creating a more sustainable tomorrow.

Our Code of Business Conduct and supporting policies guide the decisions and actions of Hydro One's employees, officers and directors. For more information on these policies and programs, please [visit our website](#).

Hydro One's corporate strategy will help us attain our mission while making a positive impact. Our corporate strategy is expected to enhance shareholder value by delivering an improved safety culture, a more reliable grid for our customers, high customer satisfaction, sustainable business practices and a lower environmental footprint.

STRATEGIC PRIORITY	AREAS OF FOCUS
Plan, Design and Build a Grid for the Future	<ul style="list-style-type: none"> Plan, design and build a reliable grid for today and tomorrow and embrace new technology, such as distributed energy resources, to enable customer choice. Increase focus on grid resilience in order to reduce the frequency and duration of outages. Consider climate change and sustainability factors in our planning to increase resilience and lower our environmental footprint.
Be The Safest and Most Efficient Utility	<ul style="list-style-type: none"> Transform and improve our safety culture through robust safety analytics and grass-roots employee engagement. Empower field operation teams to drive efficiency, productivity and reliability. Focus on efficient capital delivery to support our ongoing growing work program.
Be a Trusted Partner	<ul style="list-style-type: none"> Build and grow relationships with Indigenous peoples, government and industry partners. Proactively address community concerns and establish strong partnerships with our customers through local investment and economic development for the benefit of all Ontarians.
Advocate for Our Customers and Help Them Make Informed Decisions	<ul style="list-style-type: none"> Enrich the customer experience by acting as their trusted energy advisor, helping them save money, and offering new products and services to meet their energy needs. Help our customers make informed decisions with deeper insights and leverage our position as energy experts.
Innovate and Grow the Business	<ul style="list-style-type: none"> Invest responsibly in our core transmission and distribution business. Pursue incremental regulated and unregulated business opportunities through innovation and our focused presence in Ontario.

Highlights

Award Recognition

Hydro One employees demonstrate sustainability leadership in the workplace, helping to ensure we operate in a safe, socially and environmentally responsible manner. Here are some of the awards and recognition our teams received in 2019:

Best Employer, 5th Year

For the fifth consecutive year, Hydro One has been recognized by Forbes in its list of Canada's Best Employers for 2020, underscoring our commitment to creating an engaged workforce and positive working environment.

Best Corporate Citizen

For the fifth consecutive year, Corporate Knights has included Hydro One on its list of Canada's best 50 corporate citizens, ranking us 16 in 2019.



Leadership in Indigenous Procurement

Hydro One received the CEA's 2019 Continuous Performance Improvement Award in recognition of our leadership in providing Indigenous procurement opportunities in a mutually respectful manner.

Top Customer Service

The Ontario Energy Association (OEA) awarded Hydro One Networks the 2019 OEA Customer Service Award.

Diversity and Inclusion Champions

We received the Workplace Diversity and Inclusion Award from Electricity Human Resources Canada in recognition of our eight Employee Resource Groups. These voluntary groups of employees with shared sets of interests, experiences and perspectives help promote the values of Hydro One.

Environment



96%

of the energy we transmit and distribute comes from zero-carbon emitting sources. See [Climate Change](#).



Approximately 1.5 million

fewer paper bills mailed out through the success of our e-billing program – read more in [Customer Service](#).



Helped customers save the amount of power 20,500 households use in a year – read more in [Accessibility and Affordability](#).

Social



\$41.3 million

Increased our procurement spending with Indigenous businesses to \$41.3 million – our highest-ever annual Indigenous spend. More in [Indigenous Partnerships](#).



Achieved our Catalyst Accord commitments of gender diversity and launched a diversity and inclusion council – for more information see [Diversity and Inclusion](#).

Established a safety improvement team.

See [Health and Safety](#).



Governance



Received our Sustainable Electricity Company brand re-designation from the Canadian Electricity Association.



Established a corporate-wide sustainability committee led by senior management – for more information see [Our Approach to Sustainability](#).

Increased transparency in our ESG reporting.

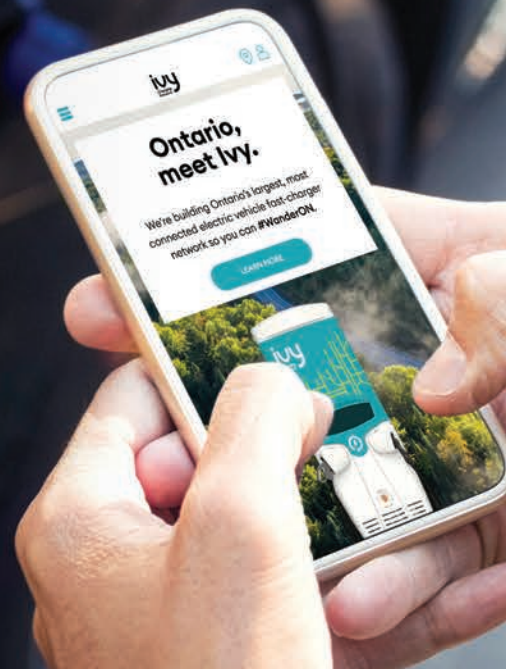
Read our [Assurance Statement](#).



Our Approach to Sustainability

At Hydro One, we understand that our long-term performance depends on incorporating sustainability into all aspects of our business. For us, sustainability means that we are committed to operating safely in an environmentally and socially responsible manner and to partnering with our customers and community stakeholders to build a brighter future for all.

In 2020, we are focusing on the impact of climate change on our business and on how we can reduce our environmental footprint; strengthening our Indigenous and community partnerships in order to build socio-economic capacity across the province; and diversifying our talent across our workforce. These priority areas will be reviewed annually and updated as required.



Management Approach and Governance

Board-level Sustainability Oversight

Hydro One's Board of Directors has oversight of sustainability through its strong governance and committee structure. The Chief Corporate Affairs and Customer Care Officer provides quarterly status updates to the Governance Committee, which oversees management's implementation of Hydro One's sustainability strategy, framework, reporting and communications.

The Health, Safety, Environmental and Indigenous Peoples (HSEIP) Committee oversees the effective occupational health, safety and environmental policies and programs at Hydro One and our relationship with Indigenous communities. The HSEIP Committee reviews significant health, safety and environmental incidents, including regulatory inspections and changes to the regulatory landscape. It also reviews climate change matters and is responsible for reviewing Hydro One's climate change strategy.

The Human Resources Committee oversees Hydro One's diversity and inclusion program and initiatives and our wellness programs, including our support for employees' mental health.

Management-level Sustainability Oversight

Oversight and accountability at the management level resides with the Chief Corporate Affairs and Customer Care Officer, while leadership is provided by the executives responsible for key functional areas. Early in 2020, a new sustainability team was established, reporting directly to the Chief Corporate Affairs and Customer Care Officer. The team is responsible for the development and deployment of Hydro One's sustainability strategy and program. The team works closely with Hydro One's sustainability committee, led by senior level management, which provides strategic advice and perspectives on current, emerging and key sustainability issues.

Hydro One's disclosure committee reviews and approves the accurate disclosure and reporting of our sustainability practices and performance, as well as the timely, accurate and complete disclosure of developments that have a material impact on the Company.

Ombudsman

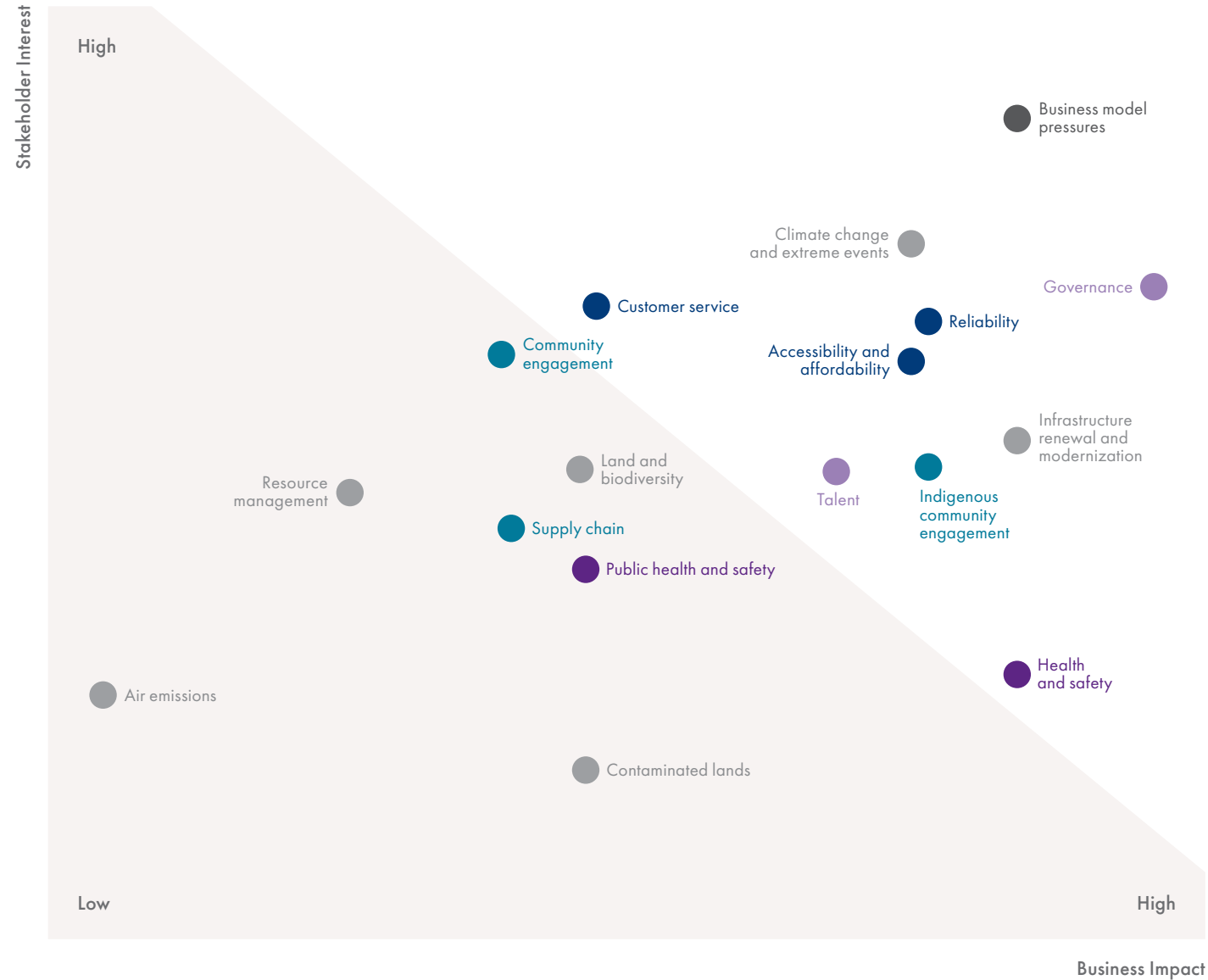
The Office of the Hydro One Ombudsman provides a confidential, impartial and independent review of complaints that could not otherwise be resolved by the Company. The Ombudsman reports directly to the Board (through its Governance Committee) to ensure independence. For more information, please visit the Office of the Hydro One Ombudsman at www.HydroOneOmbudsman.com



Identification of Key Sustainability Issues

Hydro One conducted a formal process in 2018 to identify the key sustainability issues that matter most to our business, stakeholders and partners. Through this assessment, ten priority issues were identified as important to Hydro One’s business and appear in the upper right corner of the matrix. These issues form the basis for our sustainability disclosures and are reflected in this report. In previous years, we had a stand-alone section on business model pressures – however, in this year’s report, this was incorporated into individual sections.

A Matrix of Hydro One’s Key Sustainability Issues



- Plan, design, and build a grid for the future
- Be the safest and most efficient utility
- People and potential
- Advocate for our customers
- Be a trusted partner
- Innovate and grow the business

Stakeholder Engagement

We have an unwavering commitment to focus on what really matters to our stakeholders: exceptional customer service, safety, efficiency and sustainability.

We strive to be a trusted partner to all stakeholders, including customers, investors, government, Indigenous communities and the Ontario public. We understand that we must continuously earn their trust by being a reliable partner and good neighbour, and by being inclusive, open and transparent in our engagements.

We work to enhance our relationships with industry and government and to advocate for our customers on matters of affordability and innovation so they have flexibility and choice. As a trusted leader in the energy sector, we seek to advance energy-related innovations and policies that benefit all Ontarians.

The table describes some of the ways that we work with our stakeholders and partners.

OUR KEY EXTERNAL STAKEHOLDERS	HOW WE ENGAGE WITH THEM
Customers	<ul style="list-style-type: none"> Regular satisfaction surveys and focus groups Account executives and call-centre agents Local engagement programs Hosting an annual large customer conference Monthly newsletter with energy-saving tips and advice High usage and outage alerts and toll-free numbers and direct mail
Investors	<ul style="list-style-type: none"> Press releases, quarterly reports, quarterly investor and financial media calls, annual report Annual general meetings of shareholders Investor events including conference attendance, Investor Day and non-deal roadshows Directors, including Board Chair, as appropriate, engage with shareholders
Regulators and Government	<ul style="list-style-type: none"> Advocacy on behalf of customers, business customers and Indigenous communities Regular interactions with all levels of government, including Members of Parliament, Members of Ontario Legislature and municipally elected officials Advocacy on design and implementation of environmental regulatory obligations
Unions	<ul style="list-style-type: none"> Joint committees for key initiatives Regular executive-level and local meetings Collective bargaining Mature dispute resolution mechanisms General consultations on an issue-by-issue basis
Non-Governmental Organizations and Industry Associations	<ul style="list-style-type: none"> Industry association conferences and events Regular meetings and conferences Participation on committees Joint representations to regulators Collaboration on advocacy initiatives

OUR KEY PARTNERS	HOW WE ENGAGE WITH THEM
Indigenous Peoples	<ul style="list-style-type: none"> Dedicated Indigenous relations department Engagement by staff and senior leaders with Indigenous communities Community-specific information sessions related to proposed infrastructure development plans Indigenous procurement workshops and networking sessions with contractors Recruitment of community members to act as liaisons between local communities and Hydro One Community investment, sponsorship and participation at local events Representation at post-secondary schools, training and employment centres and job fairs
Communities	<ul style="list-style-type: none"> Dedicated community relations team Hosting and attending public events Advocacy for community and local economic development electricity needs Community information centres related to proposed infrastructure development plans Participation and presentations by Hydro One staff at town halls and council meetings Robust consultation plans that provide multiple opportunities for community feedback Community investment, sponsorship and participation at local events Project-specific information tours and meetings Representation at post-secondary schools, training and employment centres and job fairs

People and Potential

Our people make Hydro One strong and unique. Our people strategy is designed to inspire employees and prepare our workforce for our evolving needs. We will continue to develop a diverse workforce with the skills and experience to match the demands of our new corporate strategy and our ever-evolving customer and business needs.



Employees and Workplace

Approach

We understand the success and strength of our business rests with our people. When we develop their skills, we are investing in both their success and ours. We take a proactive approach to identifying and recruiting talent and to building the skills and capacity of our team.

Performance

We reconfirmed succession plans at the executive, vice president and director levels of the Company during 2019, while identifying high-potential employees at the senior manager level and above. The identification of critical roles was also an important part of the process last year. These are roles that would have an adverse impact on our business if left vacant for a significant period of time.

For the first time in 2019, we identified critical roles using defined criteria that included: the impact on business, skill set and knowledge required, and the level of risk associated with not filling this role. These factors helped our leaders assess these roles using a consistent approach across the organization. We continue to focus on ensuring these roles have robust succession plans with a deep pipeline of talent that can be developed in an accelerated manner in order to mitigate risk should the role become vacant.

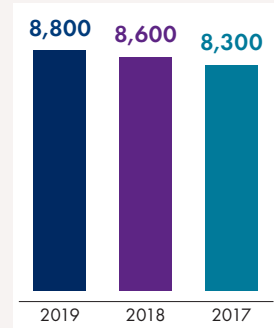
Key ESG policies, programs and management systems guiding our actions include:

- ✓ Code of business conduct
- ✓ Respect in the workplace policy

We continued to focus on the development of high-potential employees and on ensuring they each had a successor identified. We shared our action plans with the Human Resource Committee of the Board.

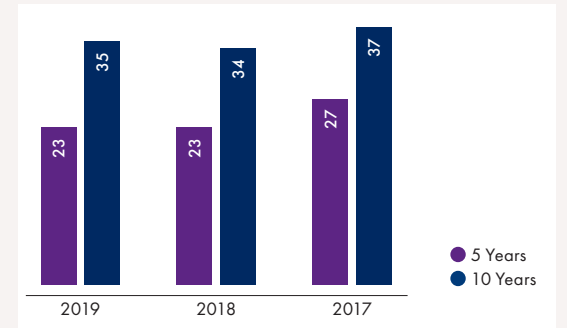
We also successfully renewed a mutually beneficial two-year collective agreement with the Society of United Professionals, covering approximately 1,500 employees in professional and supervisory roles. In addition we ratified agreements with a number of Building Trade Unions through the Electrical Power Systems Construction Association.

Average Number of Full-Time Employees Regular and non-regular



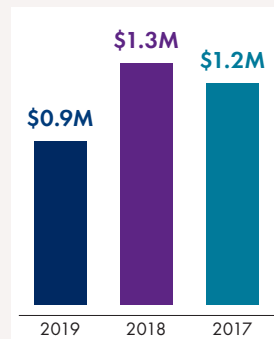
On average, Hydro One had 8,800 skilled and dedicated regular and non-regular employees (approximate).

Employees Eligible to Retire Within Five Years/Ten Years⁸ (% of workforce)



The percentage of employees eligible to retire over the next five years remains steady, relieving some pressure on our workforce planning.

Employee and Pensioners Donations (\$ millions)



We saw a decrease in our employee and pensioner donations in 2019 due to our switch to an online platform. As more people gain comfort with donating through this platform, we anticipate that our numbers will once again increase.

8. We have updated our methodology and data for 2017 and 2018 so they can be compared to 2019.



RESPONSIBLY INVESTING IN OUR EMPLOYEES

People are the cornerstone of our strategic direction and we believe in investing in our people. The Company’s pension plan for its employees recognizes that ESG factors can affect investment risk and return and therefore integrates ESG factors into its investment decision-making, selection and monitoring processes. The plan monitors its investment managers to ensure that they incorporate ESG factors into their research and investment process.

Key Programs & Future Initiatives

In 2019, our talent and recruitment team filled approximately 800 vacancies, with many of our senior leadership positions filled internally. This demonstrates the success of our well-structured succession planning program in support of our long-term business strategy. The team also recruited several internal and external candidates for critical leadership roles including the Chief Executive Officer, Chief Safety Officer, Chief Human Resources Officer, Chief Financial Officer, Chief Operating Officer and Chief Legal Officer.

We plan to take the following actions in 2020 to build our team:

- Identify critical roles for the execution of our new corporate strategy and successors for those roles, ensuring accelerated development plans are in place to support those individuals as well as those with ‘high’ and ‘medium’ potential.
- Support executive review of our existing operating model to improve organizational effectiveness, role clarity and decision-making authority.
- Renegotiate two collective agreements with the Power Workers’ Union and additional Building Trade Agreements through the Electrical Power Systems Construction Association.

THE POWER OF GIVING

Hydro One employees are the driving force behind our Company’s achievements – achievements that ultimately go beyond delivering electricity. Our employees are also powering the well-being of the communities we serve and making a difference in the daily lives of our customers and their fellow Ontarians.

Power to Give is Hydro One’s annual employee-run fundraising campaign. It provides an opportunity for employees and pensioners to connect to their community, causes and colleagues. In 2019, the Power to Give campaign supported hundreds of charities across the province through financial donations and volunteering.



We strongly believe that each and every one of us has the Power to Give.

Cassandra Fonseca, a Hydro One Professional Engineer and Senior IT Security Specialist, founded Camp Engies to promote engineering to girls in Grades 5-8. Through Power to Give, Hydro One has supported Camp Engies since inception. In 2019, Camp Engies educated over 200 girls in engineering activities designed to relate engineering to everyday life. Teaching them were 24 women engineer volunteers – mainly current or past Hydro One employees – who, through their example and mentorship, helped instill the campers with confidence and a love for engineering.

Dusti Shedler, a Stations Support Clerk, works out of Hydro One’s Northwest region. For the past 10 years she has been extensively involved in leading the area’s Power to Give campaign. Dusti has raised thousands of dollars by organizing and participating in events to raise money for local charities and is a huge advocate for volunteering. One of her favourite events is the annual Bocce Ball tournament, which in 2019 alone raised \$1,200 for the Faye Peterson House, a women’s shelter that provides critical services to the community.

**Our employees are powering
the well-being of the
communities we serve and
making a difference in the daily
lives of our customers and their
fellow Ontarians.**

Diversity and Inclusion

Approach

We seek to create a workforce that reflects the diverse populations of the communities where we live and work. We benefit from a collaborative and inclusive culture sustained and complemented by the strength of different backgrounds, perspectives, ideas and insights. We value equity, diversity and inclusion and stand for racial equality at all levels of our organization. Hydro One is guided in our work by our diversity and inclusion policy.

Performance

While we maintained our Catalyst Accord commitments to gender parity in the workplace, representation of women in executive and regular positions decreased slightly, on average, over the year. Representation of visible minorities at the executive level increased; however, representation at the employee level showed little growth.

We will refocus our efforts and work collaboratively with our unions to work towards gender and visible minority parity across our regular workforce and to develop diversity hiring goals, particularly for our field staff and apprentices.

We are cognizant that much work remains in advancing diversity and inclusion at all levels of our Company to better reflect where we work and the communities we represent across the province.

Key ESG policies, programs and management systems guiding our actions include:

- ✓ Diversity and inclusion policy

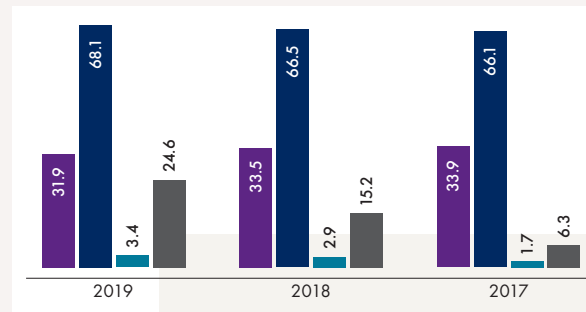
The Catalyst Accord

The Catalyst Accord is a global non profit organization dedicated to gender parity in the workplace. As a signatory to the Catalyst Accord, Hydro One remains committed to maintaining at least 30% female board members and 30% female executives.

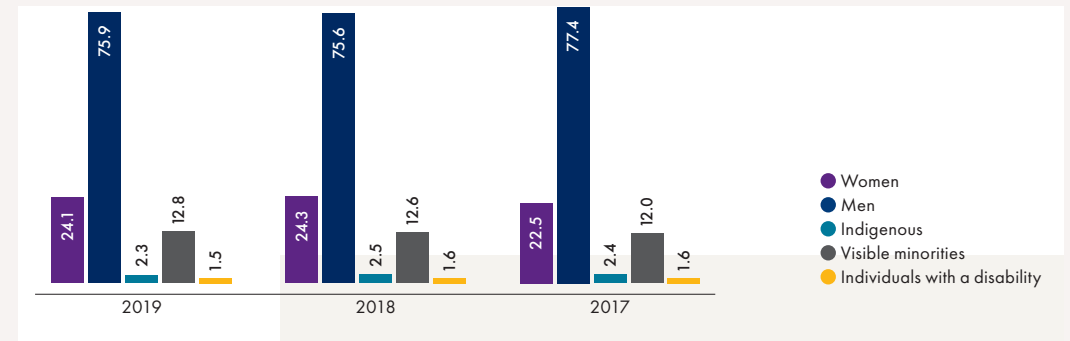


Diversity⁹

Executive Diversity¹⁰ (% of executive management)



Employee Diversity (% of regular employees)



9. Diversity data is based on employees voluntarily self-identifying. We have updated our methodology and all percentages were calculated based on yearly averages for regular employees. Data for 2017 and 2018 have been updated so they can be compared to 2019.

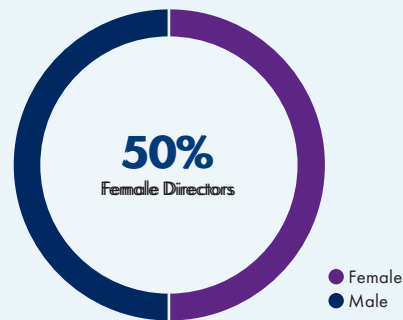
10. Defined as Vice President and above roles.

HYDRO ONE’S PROGRESSIVE, GENDER-DIVERSE BOARD OF DIRECTORS

We value diversity at all levels of Hydro One and its commitment extends to ensuring a gender-diverse Board of Directors. With the announcement of Susan Wolburgh Jenah¹ in 2019, the composition of our Independent Non-Executive Board is five women (50%) and five men (50%), making us one of the most gender progressive boards in North America. It also reflects best practices in board diversity and surpasses our Catalyst Accord commitment to maintaining at least 30% female board members.

The Board has a diversity policy that formalizes Hydro One’s commitment to diversity and its desire to maintain a board comprising talented and dedicated directors whose skills, experience, knowledge and backgrounds reflect the diverse nature of the business environment in which we operate, including an appropriate number of female directors. To view the policy, please [visit our website](#).

Board Gender Diversity²



1. Became a director on January 1, 2020

2. Hydro One’s Independent Non-Executive Board of Directors

Key Programs & Future Initiatives

We focus on creating a workplace culture that reflects the diversity of the communities where we live and work.

2019 was a pivotal year for diversity and inclusion. In addition to our diversity and inclusion policy being recognized as a key corporate policy, we launched a diversity and inclusion council. This group, comprised of directors from across Hydro One, has a mandate to advocate for and drive change throughout the organization on diversity and inclusion programming, initiatives and policies.

We also strengthened Hydro One’s recruitment process to reduce potential bias in our hiring practices. We brought in an external expert to help us identify some of the possible unconscious biases in the Company’s recruitment processes – such as in interview questions and job posting placements – and how we could form partnerships to attract diverse candidates.

We have incorporated all recommendations regarding non-biased interview questions and accessible job postings and we are currently working to institute a structured, consistent method of screening resumes to reduce the potential for anchoring and affinity bias.

We also ran a pilot of our *Step Up* initiative which focuses on psychological safety, respect in the workplace and empowering employees to act when they see inappropriate, disrespectful or non-inclusive conduct in the workplace.

In 2019, we held 58 facilitated sessions for 1,800 employees, receiving feedback that they were highly relevant and helpful in opening up necessary dialogue on inclusive behaviours.

We plan to take the following actions in 2020 to create an inclusive work environment:

- Develop and make publicly available our diversity and inclusion hiring targets and action plans.
- Continue to partner with our unions and embed leading diversity and inclusion practices, including anti-racism, into our recruitment process to build a diverse team and enable consistent, unbiased candidate assessments.
- Begin to deliver our *Step Up* program to corporate employees and expand it to include field employees across all lines of business.
- Take a leadership role in the fight against racism by initiating a dialogue with our Black employees with the objective of listening and understanding. These conversations will help to inform the creation of meaningful racial equality programming to address system change.
- Create a racial equality commitment statement and supporting action plans to combat systemic racism in our business.



TAKE PRIDE, TAKE LEADERSHIP

PrideOne encouraged 45 employees, including a member of the Board, to march in the 2019 Toronto Pride Parade for the first time. Rainbow flags were also raised in over 40 Hydro One locations across the province.

PANDEMIC RESPONSE

To ensure the health and safety of our employees, we are offering extensive health resources to help employees stay safe during this time. This includes online screening and self-assessment tools; providing ongoing Employee and Family Assistance Programs; and, new health services including 24 hours, 7 days a week virtual doctor support. We continue to share physical and mental health resources available to support our employees. Our employees are proud of the role they play in energizing life for communities and people and we are proud to support them every step of the way.

POSSIBILITIES OF TOMORROW

Diverse People, Inclusive Workforce

Our Employee Resource Groups (ERGs) have been instrumental in pushing Hydro One to be more diverse, more inclusive and more equitable. Group members raise important issues, advocate for employees and challenge Hydro One to be a better employer.

At Hydro One, eight ERGs have now been established, each with an executive sponsor and chaired by employees. Collectively, the ERGs have approximately 1,200 members and have the support of Hydro One's President and CEO and Executive Leadership Team. In recognition of our ERGs, Hydro One recently won the Workplace Diversity and Inclusion Award from Electricity Human Resources Canada.

- **Women in Trades, Technology and Engineering (WTTE)** promotes and advocates for women in trades, technology and engineering at Hydro One. WTTE's vision is to create a workplace culture that includes, empowers and inspires more women to participate at all levels of the organization with a special focus on the areas of trades, technology and engineering.
- **Accessibility and Inclusion Network** provides a forum for employees with disabilities and their supporters to share information, raise awareness and provide advice for ensuring the inclusion of people with disabilities within Hydro One. The network has expanded its reach to raise awareness on mental health in

an effort to end the stigma associated with mental illness.

- **Indigenous Network Circle (INC)** creates awareness around Indigenous relations and culture, and advocates for change through a learning environment. INC's objective is to develop and foster leaders through knowledge, understanding and respect.
- **Lean In** empowers and supports women in their professional development, enabling organizations to address their gender leadership gaps. Lean In circles are small groups of employees who meet regularly to learn and grow.
- **People in Energy** provide its members with personal and professional development. Its mission is to support passionate and diligent employees and to build future leaders of our industry, as well as raise awareness about the broader energy sector.
- **Mosaic** is a multicultural network that fosters awareness, appreciation and collaboration through a richer understanding of our employees' cultural heritage and identity differences. Mosaic aims to be an action-oriented, global and diverse force that eliminates barriers, adventurously collaborates and unites differences by building a strong foundation that generates forward-thinking leaders. Their vision is to drive innovation through differences.
- **Men Advocating for Real Change** is a network of men advocating for change to achieve gender equality in the workplace.
- **PrideOne** is Hydro One's first LGBTQ2S+ ERG and supports a diverse and inclusive corporate culture for Hydro One's LGBTQ2S+ employees, including allies, so that all employees can be their authentic selves at work.



Plan, Design and Build a Grid for the Future

We are planning, designing and building a grid that meets the needs of Ontarians today and into the future. This means improving reliability by investing in technology that will allow us to modernize our grid. Sustainability is also central to our strategy. As we prepare for more severe storms, we will consider climate change in our planning to increase resiliency and lower our environmental footprint. We will also continue to minimize our environmental footprint by prioritizing and managing the environmental impacts of our business.

Grid Resiliency and Modernization

Approach

We continue to invest in our existing infrastructure to maintain a reliable and resilient grid, while embracing new technology for tomorrow. These investments help ensure we have a grid that is more reliable, resilient to fluctuations in weather, minimizes the risk of environmental impacts and can meet the current and future demands in the province.

Hydro One is actively involved with the OEB and the Independent Electricity System Operator (IESO) to ensure technological advances and distributed energy resources are appropriately integrated into the grid. This approach allows us to meet our obligations to the people of Ontario, while adapting our business model to balance these opportunities with the risks inherent in the utilities sector. It also supports our mandate to make wise investment decisions on behalf of our customers, communities and shareholders.

\$1.7B

Invested to renew and modernize Ontario's electricity system

Performance

In 2019, we made capital investments of approximately \$1.7 billion to expand the electricity grid and renew and modernize existing infrastructure. In southwestern Ontario, for example, we worked with community leaders and customers to bring more power to the region, building a second high-voltage transformer station in Leamington to support economic growth.

We also completed the installation of our distributed energy resource management system (DERMS), a technology that enables us to have real-time control of the electricity flowing through our distribution system. This technology will help to meet the increasing energy demands of the province.

Key Programs & Future Initiatives

We continue to adapt our design and equipment standards to address the impacts of climate change. To support this work, in 2019, we conducted a corporate-wide grid resiliency assessment of our system to identify risks and opportunities related to the impact of climate change and extreme weather on our assets.

We are working to address these risks and opportunities, including updating our design standards. On the transmission side of our business, we are focusing on system renewal to address deteriorated and aging infrastructure. In addition to verifying the adequacy of our design standards and improving where appropriate, we are upgrading the transmission system to

align with the requirements of Northeast Power Coordinating Council and North American Electric Reliability Corporation.

On the distribution side, we are actively participating in two specialized industry committees (Overhead Systems/Underground Systems) that are reviewing recommendations to modify design standards and address findings of the joint Canadian Standards Association–Natural Resources Canada climate change adaptation report. We also regularly review our distribution material specifications to account for changes in national standards and to ensure we are ordering the proper equipment to address climate change.

We plan to take the following actions in 2020 to renew and modernize our infrastructure:

- Automate the grid and deploy solutions to ensure the grid can withstand more extreme storms and weather events. We will focus on installing technologies that improve outage response times and minimize impacts.
- Improve grid flexibility to integrate and operate distributed energy resources (DER) enabling customer choice, through the use of our DER management system.
- Evaluate our existing transmission line and station design standards against historic climate trend data to ensure our standards can meet the challenges of changing climate conditions.



PANDEMIC RESPONSE

Maintaining safe and reliable electricity to hospitals, homes, grocery stores and essential services across Ontario is critical now more than ever as we navigate the COVID-19 pandemic. Through our distribution modernization program we have installed nearly 1,000 sensors on our distribution system to better determine the cause of an outage and smart switches that allow specific problem areas to be isolated remotely, minimizing the amount of residents impacted by a power outage. During this pandemic, this technology has allowed our crews to be more efficient and to reduce the need for them to physically patrol a line. These modernization efforts have contributed to our social distancing practices while ensuring the safe and reliable supply of power.

Climate Change

Approach

We are committed to reducing our carbon footprint and to managing the impacts of climate change on our business.

Our actions are guided by Hydro One’s climate change strategy, our climate change policy and by the recommendations of the Taskforce on Climate-Related Financial Disclosures¹¹. Responsibility to implement our climate change program rests with our cross-functional director-level climate change committee.

Performance

As an electricity transmission and distribution company, we do not emit a material amount of GHG emissions. However, we recognize that GHG emissions are important to many of our stakeholders and for 2019, we are reporting Scope 1 and Scope 2 GHG emissions. We have calculated these emissions, which have been verified by a third party¹², using the most recent Canadian emission factors published by Environment and Climate Change Canada in April 2020.

Overall, Hydro One’s total reported GHG emissions¹³ in 2019 are estimated to be 320,641 metric tonnes of carbon dioxide equivalents (tCO₂e).

The primary sources of Scope 1 emissions are our vehicle fleet, fossil fuel based electricity generation in Hydro One Remote Communities operations, sulphur hexafluoride (SF₆)¹⁴ releases¹⁵ and fuel consumption¹⁶. We reduced

Key ESG policies, programs and management systems guiding our actions include:

- ✓ Environment policy
- ✓ Climate change policy

Scope 1 emissions by almost 3% from our baseline emission levels established in 2018 by repairing equipment that led to less SF₆ leaks and through our fleet initiatives.

The primary source of Scope 2 emissions¹⁷ is line losses. When power is delivered over transmission and distribution lines a small amount of the electricity, generated from 96% zero-carbon emitting sources¹⁸, is consumed or lost as heat¹⁹. Our Scope 2 emission were 5% lower than our baseline emissions from 2018 primarily due to reduced line losses as a result of weather changes compared to the previous year.

Key Programs & Future Initiatives

A critical element of building a sustainable grid for the future is to ensure we reduce our GHG emissions. In 2019, Hydro One avoided 8,075 tCO₂e of emissions as a result of renewable energy technology, conservation programs, and the increase of customers choosing the e-billing option on their bill. These avoided emissions are equivalent to a year’s exhaust from 2,300 passenger vehicles²⁰.

GHG Emission Classification

Scope 1 – Direct emissions from sources owned or controlled by Hydro One (e.g., use of fossil fuels in our owned and operated fleet vehicles).

Scope 2 – Indirect emissions from the generation of acquired and consumed electricity, steam, heat, or cooling from sources owned or controlled by an external organization (e.g., from energy purchased to use in our facilities and line losses).

2019 GHG Emissions

Scope 1 Emissions	tCO ₂ e	Percentage
Vehicle fleet	58,810.4	36%
Generation	52,172.5	32%
SF ₆	45,852.8	28%
Fuel consumption (natural gas, propane, fuel oil, diesel)	6,925.6	4%
Total	163,761.3	

Scope 2 Emissions	tCO ₂ e	Percentage
Line losses	156,075.9	99.5%
Electricity use	771.4	0.5%
Total	156,847.3	

11. The Taskforce on Climate-Related Financial Disclosures is an organization that developed voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers and other stakeholders.

12. GHD Limited verified Hydro One’s GHG Emission report for the compliance period of January 1 to December 31, 2019. The letter of assurance can be found in the appendix.

13. Hydro One’s GHG Inventory is aligned with the GHG Protocol Corporate Accounting and Reporting Standard; ISO 14064-1:2018; Greenhouse Gas Emissions: Quantification, Reporting and Verification Regulation (O.Reg. 390/18). Emission Factors are from Canada’s National Inventory Report 1990–2018 and Global Warming Potential (GWP) from the IPCC Fifth Assessment Report, 2014 (AR5).

14. SF₆ is used to insulate high-voltage circuit breakers and gas-insulated switchgear.

15. Hydro One Remote Communities serves 22 communities in Ontario’s north. Due to the lack of grid connection in the majority of these communities, Hydro One Remote Communities generates electricity to meet their obligation under Section 26 of the *Electricity Act, 1998, Ontario*.

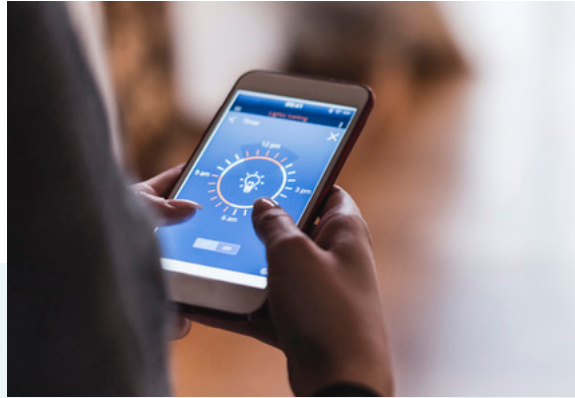
16. Fuel consumption includes natural gas, propane, fuel oil and diesel.

17. Scope 2 emissions are not directly controlled by Hydro One and are subject to the composition of energy generated and dispatched through the Ontario grid for consumption.

18. As determined by the Canadian Energy Regulator, Ontario’s electricity mix has increased from 90% to 96% zero-carbon emitting sources over the period 2014–2018. www.statista.com/statistics/482978/ontario-electricity-production-by-energy-source, www.cer-rec.gc.ca/nrg/ntgrtd/mrkt/nrgsstmprfls/on-eng.html

19. The average Ontario system grid emissions 5 year average is 34 gCO₂e/kWh (2014–2018). Source of data: 2020 National Inventory Report Canada Part 3, page 74 “Consumption Intensity” and https://ec.europa.eu/info/sites/info/files/business_economy_euro/banking_and_finance/documents/200309-sustainable-finance-teg-final-report-taxonomy-annexes_en.pdf

20. Calculated from <https://eee.nrcan.gc.ca/corporate/statistics/neud/dpa/calculator/ghg-calculator.cfm>



SHOWCASING SUSTAINABLE ENERGY PRACTICES

Hydro One is actively exploring building automation technologies to help reduce our overall energy consumption. These technologies could ultimately make our facilities’ energy use carbon neutral, extend the life of our assets and reduce our costs.

In 2019, our Real Estate team began piloting new sustainable energy management solutions for potential deployment across our facilities. Hydro One’s Connected Buildings Pilot is testing a new web portal at four Hydro One sites – Perth, Sudbury, Markham and Barrie – that uses enhanced web-enabled thermostats, sensors and controllers to allow for real-time monitoring of electricity consumption and performance at these buildings. This remote-control command system generates automatic alerts should there be excessive energy consumption in building heating and cooling systems, baseboards, lighting panels or main building service.

In 2020, the pilot is running in Perth and Sudbury and initial results indicate the system is generating savings and insights on GHG emission reductions. The pilots in Markham and Barrie are in process but delayed due to COVID-19.

In 2019, we began the process of establishing programs and targets to reduce GHG emissions from three sources: fuel use in fleet vehicles, SF₆ gas release, and electricity and natural gas consumption at Hydro One facilities. We will measure and track our reduction progress annually in our sustainability report with regular program updates to our executive leads throughout the year. In 2020, we plan to develop emission reduction programs and targets that will be implemented over the ensuing five years.

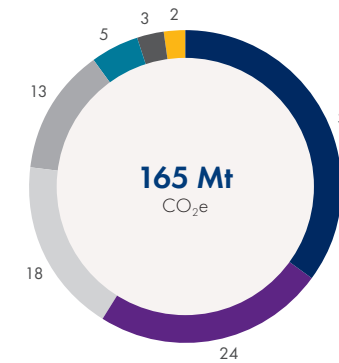
Decreasing the amount of fossil fuels Hydro One’s vehicle fleet consumes will help us to reduce our overall carbon footprint. That is why we are planning to convert 50% of our fleet of sedans and SUVs to electric vehicles or hybrids by 2025. We are also developing a GHG metric tracker to better monitor carbon dioxide emissions and we are working to reduce the number of vehicles we use. In fact, since 2017 we have removed 1,200 vehicles from our fleet.

We plan to take the following actions in 2020 to manage and mitigate GHG emissions:

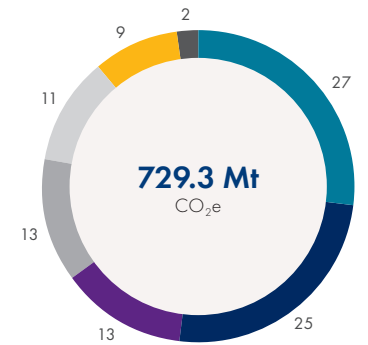
- Set and implement a corporate GHG emissions reduction target (based on percentage of tCO₂e), incorporating realistic reduction targets from fleet vehicles, SF₆ gas releases and facility energy efficiency.
- Conduct a climate risk assessment and scenario planning as we work toward aligning our disclosures with the Taskforce on Climate-related Financial Disclosures.

Main Sources of GHG Emissions in Ontario and Canada²¹

Ontario 2018
(%)



Canada 2018
(%)



Totals might not add up to 100% due to rounding.

● Transportation ● Residential and Commercial ● Industry ● Agriculture, Forestry, Construction and Light Manufacturing ● Oil and Gas ● Waste ● Electricity

Hydro One’s electricity sector emissions (SF₆, line losses, and generation) have on average accounted for 7.2% of Ontario’s total electricity sector emissions from 2014–2018.

In 2018, our Scope 1 and 2 emissions were estimated to account for approximately 0.2% of Ontario’s GHG emissions²².

21. All data is from the Environment and Climate Change Canada’s National Inventory Report 1990–2018: Greenhouse Gas Sources and Sinks in Canada, Part 3. <https://unfccc.int/ghg-inventories-annex-i-parties/2020>

22. All data is from the Environment and Climate Change Canada’s National Inventory Report 1990–2018: Greenhouse Gas Sources and Sinks in Canada, Part 3. <https://unfccc.int/ghg-inventories-annex-i-parties/2020>

Environmental Management

Climate change is just one of the environmental risks facing Hydro One. Our environmental management program is important in helping us effectively manage key aspects of our activities that can impact the environment.

Approach

Our approach centres around four management plans that are linked to our top environmental considerations.

We regularly review our activities to assess the risk of impacting the environment. In addition, we closely track and consider emerging environmental issues across North America’s infrastructure – such as wildfire risk, floods and the potential for environmentally related project delays – to ensure we have the right plans and programs in place. Our environmental management programs, under our combined Health, Safety and Environmental Management System (HSEMS²³), have been effective in helping us address these emerging industry-wide issues.

Key ESG policies, programs and management systems guiding our actions include:

- ✓ [Environment policy](#)
- ✓ Health, safety and environmental management system

Performance

Our environmental management programs play a critical role in helping us manage our impacts on the natural, built and social environments, as well as in lowering our environmental footprint.

Environmental Stewardship & Assessment

Our environmental work is guided by our commitment to actively consult with communities, partners and stakeholders to inform, seek input and address their concerns. Our goal is to build partnerships based on trust and cooperation.

These practices are incorporated in our infrastructure projects and programs through the execution and completion of environmental assessments (EA), the environmental permitting process and developing environmental protection plans.

The environmental assessment process allows us to identify the potential environmental effects of our projects (both positive and negative) and apply mitigation measures where necessary.

We conduct environmental studies to help minimize the impact of our work on natural habitats and ecosystems. The results of these studies inform the planning of large capital projects and routine infrastructure maintenance programs. Depending on what we discover, we might make design changes to avoid sensitive areas, conduct work during certain times of the year, put in place measures to prevent impacts to watercourses, or consider a variety of other measures to protect the environment.

As part of our natural environment protection initiatives, we continue to enhance wildlife and vegetation biodiversity through the introduction of native pollinator-friendly plants across the province. In 2019, we planted 20* hectares of pollinator-friendly plants. These plants not only support insects that pollinate other plants, they also serve to limit growth of vegetation that could encroach on infrastructure and power lines – limiting the risk of an outage or fire.

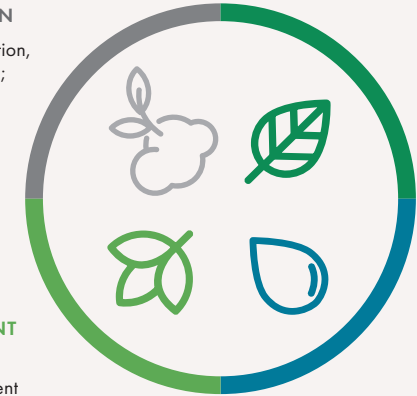
Our Environmental Management Plans and Components

CLIMATE CHANGE MANAGEMENT PLAN

Climate change adaptation, resiliency and mitigation; SF₆ gas management

ENVIRONMENTAL STEWARDSHIP PLAN

Environmental planning; community and Indigenous relations; biodiversity enhancement; land management; heritage resources



CONTAMINATED LAND MANAGEMENT PLAN

Spills and land assessment and remediation

RESOURCE MANAGEMENT PLAN

Air, water and waste management; chemical management including polychlorinated biphenyls (PCBs)

BUILDING CAPACITY IN INDIGENOUS COMMUNITIES

Hydro One recognizes the importance of developing long-term capacity within Indigenous communities. That is why we made sure the environmental consultant we hired for the Waasigan Transmission Line project demonstrated the same level of commitment to supporting local Indigenous communities and businesses as Hydro One.

Our chosen consultant was directed to involve local Indigenous businesses and individuals whenever possible in their proposals, building business and qualified worker capacity within Indigenous communities and identifying opportunities for joint ventures and partnerships.

We plan to implement a training and skills development program for the Waasigan Transmission Line project that will aim to develop local Indigenous communities’ skills and capacity in northwestern Ontario in support of the Individual EA phase of the project. More information on this project is included in the Trusted Partner section.

23. Hydro One’s HSEMS is aligned with the International Organization for Standardization 14001 Environmental Management Systems and the Occupational Health and Safety Assessment Series 18001 internationally recognized standards. Our HSEMS is supported by various operational policies and related guidance documents as well as operational procedures and controls.

Number of environmental inspections, orders and warnings*	2019	2018	2017
Number of inspections/investigations by Ministry of Environment, Conservation and Parks	11	4	12
Number of inspections/investigations resulting in orders/actions being issued	0	0	0

As part of our natural environment protection initiatives, we continue to enhance wildlife and vegetation biodiversity through the introduction of native pollinator-friendly plants across the province.

Resource Management

Resource management includes our management of water, waste and PCBs. Hydro One has well-established programs in place for matters relating to water and waste and we continue to phase out PCB-containing equipment at our sites.

Contaminated Land Management Program

Hydro One has well-established processes regarding the management of contaminated lands, including a spill response program and a land assessment and remediation program.

Hydro One’s team of specially trained responders share on-call duties providing 24 hours a day, 7 days a week spill management services, supported by external environmental contractors. Our goal, when responding to spills, is to prevent or mitigate potential impacts on the environment and to minimize customer service interruptions. In 2019, we recorded 355 spills*, with 23 spills* resulting from extreme windstorms, the majority occurring during one storm in November. Our recovery rate for liquid spills in 2019 was 96%*.

In 2019, we remediated or assessed 24 Hydro One sites* that have been historically contaminated, exceeding our planned target of 22*. Our environmental services team also completed assessment and remediation for

The processes in place through our HSEMS enabled Hydro One to maintain a record of zero orders or actions resulting from regulatory inspections and investigations.

capital projects and sites with larger spills. One of the sites remediated during the year was the Merivale Transformer Station site located in the Ottawa region, which was destroyed by a tornado in September 2018.

Key Programs & Future Initiatives

We plan to take the following actions in 2020 to advance our key environmental programs:

- Integrate enhanced biodiversity initiatives into four capital projects.
- Successfully complete and/or significantly advance the EAs on key projects.
- Assess and remove oil-filled electrical equipment with ≥50 ppm PCBs and appropriately dispose of PCB waste according to planned targets and legal requirements.
- Assess and remediate contaminated sites according to target projects (19 sites in 2020).
- Recover spills and manage spilled liquid material to meet target (90%).
- Review and optimize location of spill response trailers and equipment across the province.



TURTLE CONSERVATION

Protecting turtles around Cootes Paradise in the Hamilton area is a priority for both local stakeholders and Hydro One. Turtles have existed for millions of years and are an important part of the local ecosystem.

Yet, turtles are dying around Cootes Paradise when they try to cross the road. Sadly, most of the turtle deaths are females of breeding age, resulting in a huge loss to the population. In an effort to protect the turtles, Hydro One installed 600 feet of turtle barrier fencing to prevent roadside crossing.

We will continue to work with local organizations to monitor the area and make adjustments if needed, so that we can help protect as many turtles as possible.

POSSIBILITIES OF TOMORROW

Stewarding Forestry Resources

What do trees have to do with electricity?

Trees cause more than 30% of power outages in Ontario and in heavily forested areas, the percentage of tree-related outages can be higher. Hydro One's forestry services team has an important role to play in keeping the lights on. With over 90 years of experience, our Forestry Services team is often called upon to provide their environmental stewardship expertise to other utilities across North America.

As a team, we understand the important role forests and trees play in absorbing carbon and reducing our global carbon footprint but we also need to make sure they don't cause outages. To do this, our team understands natural habitats, rare or threatened plant and animal species, and different vegetation management techniques. This allows us to protect as much vegetation as possible while ensuring our customers have a reliable source of power.

Some of the ways we do this include:

- **Tree removal:** Trees that have a higher potential of falling are removed before they can cause a power interruption.
- **Tree pruning:** If trees grow too close to the electrical system, they require pruning to make sure they don't cause outages or fires by contacting wires. We use risk and growth modelling to determine which trees are likely to cause outages and prune only the high-risk trees.
- **Underbrush control:** We need to ensure the area under the power grid is clear so vegetation doesn't come into contact with wires. We do this by promoting the growth of plants that won't grow too tall and require future maintenance.

Promoting tree conservation

Every year our forestry service team sponsors Arbour Week to promote tree conservation and encourage tree planting.

In 2019, 172 Hydro One forestry technicians and staff visited 47 junior schools across Ontario and spoke to nearly 4,300 students about the importance of trees to our ecosystem and the need to be safe around electrical wires.



Be the Safest and Most Efficient Utility

We are deeply committed to continually enhancing our culture of safety to ensure every employee returns home safely every day. We believe a safe utility is an efficient utility and a healthy safety culture fosters a high degree of accountability and discipline across all aspects of our business.



Health and Safety

Approach

We are guided by our HSEMS, which is aligned with the Occupational Health and Safety Assessment Specification (OHSAS) 18001 and drives the identification of health and safety risks. Our HSEMS applies to all Hydro One activities, products and services, as well as to our contractors.

Performance

Hydro One’s reportable injuries rates have declined in recent years and are considered industry leading. While this performance is encouraging, we have seen an increase in the number of serious injuries across our workforce, which is unacceptable. In March 2019, we tragically lost a colleague who sustained a fatal injury during a forestry incident in the Minden area. The memory of our lost colleague only strengthens our commitment to an injury-free workplace.

Our newly appointed Chief Safety Officer (CSO), Darlene Bradley, oversees the safety improvement team. This team is comprised of a diverse cross-section of employees who are dedicated to eliminating incidents from the workplace that result in injuries.

Key ESG policies, programs and management systems guiding our actions include:

- ✓ [Health and safety policy](#)
- ✓ [Public safety policy](#)
- ✓ Health, safety and environmental management system

A key aspect of improving workplace safety is proactively identifying error-likely situations that could result in harm. Our human success program is designed to do just that, using tools and reinforcing behavioural habits to minimize the likelihood of errors that may result in workplace injury, customer interruptions or damage to assets. We delivered human success training to all field supervisors in 2019.

Through a safety culture campaign, we are highlighting each individual’s connection to safety management. We have created a monthly safety communications campaign that is designed to raise overall awareness and deliver guidance on eliminating our highest risk activities.

We are also making headway on improving our safety data collection, reporting, audits and assessments:

- Following 29 field location audits across the province, we were recertified under the OHSAS 18001 program. The auditors recognized our strengths to be: our strong commitment by management; awareness of health and safety at all levels of the organization; keeping areas that can lead to slips, trips and other incidents clean of debris; and, high training levels. Six minor non-conformities were identified and all have been addressed through corrective action plans.
- Over 6,000 employees participated in a safety perception survey and assessment, which included 14 site visits and over 180 direct interviews. The survey underscored that employees are committed to improving our safety culture. With the appointment of our CSO and safety improvement team, we are acting on that feedback and holding ourselves accountable to improve Hydro One’s safety culture.

Incidents and Lost Time

Total Annual Recordable Injury Rate (number of recordable injuries per 200,000 hours worked)

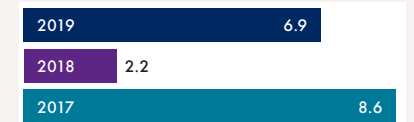
0.8



We achieved industry-leading safety performance in 2019 with a 29% reduction in the number of recordable injuries compared to 2018.

Lost Time Injury Severity Rate (calendar days lost per 200,000 hours worked)

6.9



Our lost time injury severity rate increased in 2019. This was largely because a number of our employees needed time off to recover following the tragic fatality of one of our colleagues in March 2019.

PANDEMIC RESPONSE

Our employees are powering the province, and it is our responsibility to protect them. To do so, we have adjusted our operations and are concentrating on system safety and reliability as well as longer-term work that will help to restart the economy. To maintain physical distancing, we are splitting field crews, deploying work digitally, staggering start times and minimizing travel within the province. More than 3,000 of our teammates are now working from home enabling us to support our field crews. Our customer contact centre agents are also working from home, where they continue to support our customers. This is part of our plan to ensure the safety of our workforce during this unprecedented time.

Key Programs & Future Initiatives

Sustainable Safety Improvements

Our new safety improvement team comprises 18 fully-dedicated employees who all share a common goal – eliminating serious injuries and fatalities at Hydro One.

The cross-functional team was established in 2019 and is committed to improving immediate frontline safety issues and boosting the Company's overall safety culture. It has the full support of Hydro One's CEO, Chief Operating Officer, CSO and the union leadership at the Power Workers' Union, the Canadian Union of Skilled Workers and the Society of United Professionals.

The safety improvement team is planning to meet with external companies known for their safety leadership to learn about their successes and challenges, as well as host internal workshops and interviews to better understand employees' concerns about our safety culture.

We plan to take the following actions in 2020 to build a stronger safety culture at Hydro One:

- Transform and improve our safety culture by acting on the findings of the safety improvement team, the safety perception survey results, and through the leadership and performance initiatives introduced by our CSO.
- Continue to roll out our human success program training to 4,000 employees and benchmark ourselves against peer initiatives and North American best practices. We anticipate COVID-19 may impact or delay some of this training effort.
- Enhance learning and prevention measures by employing an integrated reporting system that accounts for near-misses and enables effective responses to safety investigations reporting:
 - Develop a safety analytics program to identify and learn from incident pattern recognition for life-altering incidents and near-miss frequency rates.
 - Introduce a near-miss mobile application with a 2020 goal of 4,000 incidents reported, to understand trends, introduce best practices and improve performance.



“Safety needs to have the profile and authority it deserves. It is imperative to the sustainability of our business that we work together and learn from the best. We need to be much more proactive in order to eliminate injuries and deliver world-class safety performance across the business.”

— Scott Vicary, Safety Improvement Team Leader

POSSIBILITIES OF TOMORROW

Our Unwavering Commitment to Safety



A CONVERSATION WITH
HYDRO ONE'S CHIEF SAFETY OFFICER

Darlene Bradley was recently named our first-ever CSO after holding a number of diverse roles at Hydro One for the past 32 years, including Acting Chief Operating Officer; Vice President, Planning and Engineering; and Director, Sustainment Investment Planning.

What do you hope to accomplish as our CSO?

I hope to accomplish two important things: that no one takes safety for granted and that we create a workplace where every employee is committed to their personal safety and each other's safety every day.

What is your first area of focus?

It is critical employees know that my team and I want to hear their concerns about our safety culture. My first area of focus will be finding new ways to learn from our great cross-section of people throughout the Company. Whether it be from the safety improvement team, which will be travelling across the province to speak with frontline employees, or from feedback we receive from our safety calls, my aim is to encourage an open dialogue that produces an honest exchange of ideas. I want employees to see their ideas result in real changes.

What are some of the challenges you face in this role?

I want to ensure we are open to new ways of working safely and that we do not take safety for granted. Changing our ideas of what it means to work safely is going to require a culture shift. This is our ultimate goal and I look forward to this challenge.

What are you looking forward to most?

Hearing inspirational success stories encourages my work. Stories of when things went the right way because people put into action a safe practice from their training. For example, the time when an employee had a heart attack in a meeting and colleagues saved his life by putting their CPR training into action. Or the time when an employee saw a driver crash into a pole and a passerby was going to reach into the car to help but the employee stopped him because he knew the environment was unsafe to do so. These meaningful moments where we played it safe are important to share. They make us think about how we could be safer in our day-to-day lives, both at work and at home.



Efficiency

Approach

We are pursuing a number of initiatives to enhance the efficiency, productivity and reliability of our work. This means empowering our people with the right tools and the right work in a safe environment free from unnecessary burden. It also means challenging our thinking and working to create efficiencies in our corporate support functions. Finally, we are looking at how we can drive efficient capital delivery so we can deliver on our work program to build and maintain a safe and reliable grid for our customers.

Performance

Hydro One’s commitment to achieving efficiency and productivity improvements is central to the planning and execution of work programs. We established a productivity plan in 2015, which has allowed us to implement a number of initiatives to reduce costs while maintaining or improving service quality for customers.

In our efforts to promote efficiency, in 2019, approximately 500 members of our forestry services team began using mobile tablets in the field to efficiently plan their work. In support of our growing capital work programs, we partnered with contractors to improve the predictability of our project outlook, with more upfront focus on risk assessment and project planning.

We also continued to optimize our shared services portfolio – which includes our supply chain and real estate functions – pursuing opportunities to monetize our land holdings and continuing to increase efficiencies in procurement of materials and services.

Through this work and other initiatives, we saw a 49.3% increase in annual total productivity savings in 2019 over 2018.

Key Programs & Future Initiatives

Hydro One remains committed to growing and achieving incremental savings by pursuing a number of strategic initiatives to engage with employees in driving productivity, reliability and efficiency.

We are committed to passing on productivity savings to customers by directly embedding our future savings into the rate application filings and business plans.

We plan to take the following actions in 2020 to increase efficiency and productivity at Hydro One:

- Empower our field operators to focus on the work that matters and streamline their activities in order to improve overall grid reliability.
- Explore how we can optimize corporate support by looking at everything from centralizing functions and employing lean process improvements, to automating business processes and analytics-enabled decision-making.
- Continue to prioritize rigorous capital planning and execution so we can successfully deliver efficient capital on behalf of all stakeholders.

Productivity Savings (millions of dollars)



We experienced an increase in savings through efficiency measures such as fleet capital optimizing and corporate cost reductions.



Hydro One’s commitment to achieving efficiency and productivity improvements is central to the planning and execution of work programs.

Be a Trusted Partner

Hydro One is committed to being a trusted partner to Indigenous peoples, industry stakeholders, government, communities, customers and all Ontarians. Our goal is to build and grow relationships to deliver greater value for our customers and shareholders. Our shared success depends on our ability to build trust as a reliable partner and good neighbour.



Indigenous Partnerships

Approach

We firmly believe that positive and proactive relationships with Indigenous peoples will benefit all communities. We are committed to creating a company-wide framework for guiding Indigenous partnerships, procurement and employment opportunities that is based on an engagement culture of mutual respect and understanding. Our strategy and approach are informed by Hydro One’s Indigenous relations policy and our participation in the Progressive Aboriginal Relations program of the Canadian Council for Aboriginal Business.

Across Ontario, 104 First Nations communities are served by Hydro One Networks and Hydro One Remote Communities. Understanding and responding to their concerns is vital to maintaining our status as a trusted partner. We have taken numerous actions to address common issues raised by community leadership and customers in a number of engagement sessions.

Key ESG policies, programs and management systems guiding our actions include:

- ✓ Indigenous relations policy
- ✓ Stakeholder engagement policy
- ✓ Community relations policy

Performance

We worked to increase Indigenous representation in our workforce. We continue to partner with organizations to break down barriers to Indigenous employment across the province. In particular, we support organizations that address larger socio-economic issues and those that provide training opportunities. In 2019, we hired two full-time Indigenous employees, seven temporary Indigenous employees and an additional 75 Indigenous employees on a term or contract. We fell just short of meeting our hiring goal for Indigenous regular employees of 2.48% in 2019 and will continue to strive to achieve this goal in 2020. However, we met our summer hiring goal, with 15% of positions filled by Indigenous students.

KEY CONCERNS	ACTIONS TAKEN TO ADDRESS ISSUES
<ul style="list-style-type: none"> • First Nation communities felt disproportionately impacted by high electricity costs at the individual customer and community levels. 	<ul style="list-style-type: none"> • Hydro One implemented a local program to help customers reduce and manage their payment arrears. • Provincial initiatives delivered by Hydro One, including the Fair Hydro Plan, the First Nations conservation program and the Affordability Fund Trust, helped customers with their bills.
<ul style="list-style-type: none"> • Frequent or lengthy outages impacting electricity supply to reserve residential and business customers. • First Nation community growth plans limited by existing capacity. 	<ul style="list-style-type: none"> • First Nation communities power system strategy developed to make capital investments to both distribution and transmission assets servicing First Nation communities with the goal to improve reliability. • Aging assets are being replaced and new technology is being leveraged to reduce the number and duration of unplanned outages. • Number of planned outages has been reduced by bundling renewal work where possible. • Hydro One is performing forestry maintenance more frequently to reduce tree-related outages. • Piloting battery storage solutions to improve reliability.
<ul style="list-style-type: none"> • Outdated access rights/permits and compensation issues for transmission and distribution assets on reserve land. • Notification protocols for planned and un-planned disconnection work. 	<ul style="list-style-type: none"> • Progressed with negotiations to settle outstanding occupancy matters. • Developed a plan to address access rights in a fair and timely manner. • Developed communication protocols with communities to share updates on planned work.
<ul style="list-style-type: none"> • Indigenous communities expressed interest in more procurement, ownership and other business opportunities. 	<ul style="list-style-type: none"> • Increased available procurement opportunities and delivered numerous workshops to engage Indigenous businesses. • Entered into a partnership agreement related to the Niagara Reinforcement Project with two First Nation communities.
<ul style="list-style-type: none"> • Indigenous communities are interested in more employment opportunities and training. 	<ul style="list-style-type: none"> • Increased employment with new permanent hires and set targets and developed plans to increase Indigenous employment. • Developed partnerships with key organizations and universities to recruit Indigenous employees. • Created the Indigenous Network Circle, an internal group of Indigenous employees promoting Indigenous employment and training.



CHAMPIONING INDIGENOUS BUSINESSES

In September 2019, we hosted the Hydro One Indigenous business fair – a showcase for over 40 Indigenous businesses from across the province. The fair offered these businesses an opportunity to network with Hydro One representatives while highlighting their products and services. It was also an opportunity for these businesses to learn more about our procurement needs and Hydro One’s commitment to increasing procurement from Indigenous businesses.

The fair, which was held in Toronto and complemented the nine procurement workshops we ran across the province, will become an annual event as we continue to pursue mutually beneficial relationships with Indigenous businesses.

Ronald Wells, owner of Indigenous business Cancom Security and provider of security services at various Hydro One sites, noted, “Cancom Security has grown from 200 guard staff to over 1,200 since we began working with Hydro One. This relationship has given us credibility and opened several doors to grow and build throughout Ontario. It is a mutually beneficial and strong relationship between Cancom Security and Hydro One, and is reflective of Hydro One’s commitment to First Nations businesses.”

We collaborated with the Canadian Union of Skilled Workers leadership to promote Indigenous hiring through specialized training programs offered in both Ottawa and Sudbury. In partnership with the Infrastructure Health and Safety Association (IHSA) and the Congress of Aboriginal Peoples, we hired seven Indigenous trainees from IHSA’s *Line Crew Ground Support Program* to work on lines projects in eastern Ontario.

We continue to strengthen our relationships with the customers we serve. In 2019, we held almost 600 one-on-one sessions with our customers. We also conducted an Indigenous customer satisfaction survey – achieving an almost 90% customer satisfaction level. The positive result reflects our ongoing effort to be a key presence in First Nation communities and the impact of the decreases in electricity bills for on-reserve Indigenous customers.

~90%

Achieved almost 90% customer satisfaction with our Indigenous customers.

In 2019, we increased our procurement spending with Indigenous businesses by 4.8% to \$41.3 million – our highest-ever annual Indigenous spend. We partnered with 73 Indigenous businesses to procure these goods and services, ultimately helping to build capacity, support direct and indirect job opportunities and drive economic development across the province.

Hydro One has a dedicated community investment program to support Indigenous communities. This program supports four key pillars: youth, education, recreation and culture. These pillars were determined based on input from communities and in consideration of the Truth and Reconciliation Commission’s Calls to Action.

As part of this program, in 2019, we returned as a presenting sponsor of the 2019 Little Native Hockey League tournament – an annual gathering that brings together over 2,500 competitors from Indigenous communities across Ontario. With our partner Indspire, we also awarded the Leonard S. (Tony) Mandamin Scholarships to 20 Indigenous students enrolled in colleges and universities across Ontario.

We firmly believe that positive and proactive relationships with Indigenous peoples will benefit all communities.

Indigenous Procurement Spend
(\$ millions)



Key Programs & Future Initiatives

We continue to pursue partnerships at the college and university level to bolster our Indigenous hiring levels. For example, we developed a partnership with McMaster University’s Indigenous Service Centre. During the summer of 2019, Hydro One Indigenous employees attended a Fire Talk session hosted by McMaster’s Indigenous Education Council, and spoke about their work experience with Hydro One.

Builder of Choice

Hydro One is undertaking development work to build the largest transmission line project in nearly a decade between Thunder Bay, Atikokan and Dryden. The Waasigan Transmission Line traverses an area with nine municipalities, ranging from large urban centres to traditional territories of several Indigenous communities.

Supporting local Indigenous communities and businesses is important to Hydro One. As part of our EA process for Waasigan Transmission Line project, Hydro One will employ a unique corridor modeling program for the first time to solicit feedback from key regional stakeholders and Indigenous communities early in the process. This values-driven assessment supports the identification of alternative routes, taking into account potential impacts to Indigenous rights,

socio-economic, technical and environmental factors. To further support this unique modelling approach, Hydro One organized community information centres to solicit community feedback, build local relationships and collect local knowledge that are vital input into the EA study.

We plan to take the following actions in 2020 to strengthen our Indigenous partnerships:

- Continue to implement our multi-year Indigenous hiring plan and continue engagement with Indigenous communities on our customer programs and capital projects.
- Progress meaningful consultations with over 30 Indigenous communities on the Waasigan Transmission Line and the Chatham by Lakeshore Line through virtual meetings or in-person if possible.
- Attain higher recertification in the Canadian Council for Aboriginal Business Progressive Aboriginal Relations program to reflect our achievements with Indigenous communities to date.
- Engage First Nations and Métis customers as part of our investment plan and rate filing.

“The Niagara Reinforcement Line will not only generate millions of dollars of benefit for the Six Nations community, it’s also a step forward for Indigenous participation in the economy.”

— Matt Jamieson, President and CEO, Six Nations of the Grand River Development Corporation



SUPPORTING EQUITY PARTNERSHIPS WITH FIRST NATIONS

Hydro One operates on the traditional territories of many Indigenous communities across the province. As such, we have a responsibility to help grow the Indigenous economy while building meaningful relationships based on mutual respect.

In 2019, Hydro One completed a major transmission project, the Niagara Reinforcement Line, which is now owned in partnership with two First Nations, Mississaugas of the Credit First Nation and Six Nations of the Grand River First Nation, through the Six Nations of the Grand River Development Corporation. Construction of this 76-kilometre transmission line was completed by A6N, an Indigenous-owned contractor, and placed in-service in August 2019. This partnership model enables the delivery of critical infrastructure that delivers economic value to the people of Ontario, while ensuring key benefits flow to local First Nation communities such as overall capacity building, along with direct and indirect job opportunities.

“The Niagara Reinforcement Line will not only generate millions of dollars of benefit for the Six Nations community, it’s also a step forward for Indigenous participation in the economy,” said Matt Jamieson, President and Chief Executive Officer, Six Nations of the Grand River Development Corporation. “We have proven our ability to partner and have demonstrated unprecedented capacity to leverage our skilled labour to drive economic development, not only within our community, but across Ontario.”

Community Relations

Approach

Our shared success depends on our ability to build trust as a reliable partner and good neighbour for our customers, communities and the people of Ontario. We strive to build strong relationships with communities to support our work program through best-in-class engagement practices. We monitor and measure our performance against leading international standards, and align our efforts with the International Association of Public Participation standards. Our proactive engagement includes two-way dialogue, with a goal to fully consult and advise our stakeholders throughout a project lifecycle to ensure projects move smoothly and to achieve our vision as a good neighbour and partner of choice. We are committed to sharing the benefits of our socio-economic development initiatives, building consensus and investing in our communities.

Performance

We integrate community considerations into the earliest stages of asset planning and design for our capital projects, always seeking to strike a balance between Hydro One’s plans and community needs.

Building strong relationships with communities and stakeholders is an important element in bringing capital investments into service. In 2019, the community relations team continued to build trust and a local presence by:

- providing support to 30 forestry projects in areas such as Ottawa, Oakville, Mississauga;
- providing support to 83 capital projects in key areas such as Toronto, Thunder Bay, Dryden, Leamington, Ottawa; and
- hosting more than 130 meetings related to capital projects and 105 community information centres and workshops.

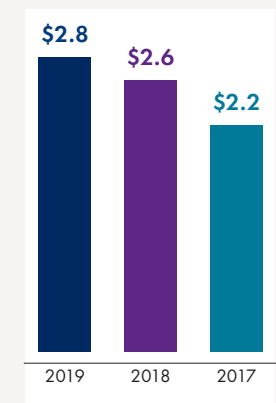
Through our community investment program, Building Safe Communities, we support communities where we live and work through our commitment to live, work and play safe. In 2019, our signature partners included the Advanced Coronary Treatment (ACT) Foundation, Parachute’s Safe Kids Week, Scouts Canada and the Little Native Hockey League. Through these partnerships, over 200,000 young people in Ontario learned how to play safe and how to save a life.

We also provided more than 125 donations and sponsorships to over 70 community organizations across the province and launched our corporate employee volunteer matching program to ensure employee volunteer hours go even further.



Our shared success depends on our ability to build trust as a reliable partner and good neighbour.

Community Investment Donations and Sponsorships
(\$ millions)



Key Programs & Future Initiatives

Throughout the year, our community relations team provided support to advance our forestry beautification and community restoration efforts, and to ensure competitive procurement efforts on key projects.

Ongoing stakeholder consultations and our new stakeholder tracking tool helped to identify key trends and project risks that we shared with various regulatory bodies – specifically, concerns that the planning and regulatory process for large electricity infrastructure projects do not move at the pace of business; the ongoing need for affordable community energy infrastructure; and the use of herbicides, through our forestry program, on private and community land.

We plan to take the following actions in 2020 to enhance our status as a trusted partner and to build and invest in our community partnerships:

- Through community meetings – virtually or in person – support our work on the Waasigan Transmission Line, Chatham by Lakeshore Line and Power Downtown Toronto projects.
- Refresh our employee giving campaign, Power to Give, to increase engagement and participation across the province.
- Build new community partnerships to address the challenges faced by communities due to COVID-19.

PANDEMIC RESPONSE

As a trusted partner, Hydro One partnered with Feed Ontario to help the province’s food banks support individuals in need. We committed \$300,000 worth of food to its COVID-19 Emergency Food Box Program, and are also matching additional employee donations made to Feed Ontario through our Power to Give campaign.

Hydro One is also supporting First Nations and Métis communities in providing critical aid to address the COVID-19 pandemic. Through a new partnership with GlobalMedic, a registered Canadian charity specializing in disaster relief and aid, 10,000 kits of food and safety supplies have been delivered to First Nations communities impacted by the pandemic. Hydro One is also supporting the Métis Nation of Ontario’s pandemic relief fund and its 31 Community Councils in providing necessities such as food, medical and pharmaceutical supplies to its vulnerable citizens. Together, these partnerships will directly support the well-being of community members so they can focus on what matters most – their loved ones.

Our employees have stood ready to lend a helping hand and to support the province in keeping Ontarians safe and to slow the spread of COVID-19. In April 2020, our customer service team began supporting Ontario’s Ministry of Health in its efforts to inform returning travelers of Canada’s mandatory quarantine measures to combat COVID-19. We are proud to offer a lending hand to protect the most vulnerable in society and support the communities where our crews work and live.

POWERING DOWNTOWN TORONTO

Beneath the City of Toronto lies a labyrinth of underground corridors and transmission cables that help power critical institutions such as hospitals, colleges and universities, commercial and residential buildings and major entertainment venues. Much of the power and transmission infrastructure was installed in the 1950s and was long overdue for an upgrade.

In 2019, we conducted extensive stakeholder consultations to garner support and incorporate residential and business concerns into our project plans. The typical methods of stakeholder engagement tracking were enhanced through the use of a new stakeholder management tracking tool. This allowed us to collect community feedback, build support for the project and develop a mutually preferred construction route through the heart of the city.

Hydro One met extensively with government, business and residential/ neighbourhood groups, and hosted two community information centres and a series of workshops with more than 50 municipal partners and key stakeholder groups, to build understanding and ongoing support for the Power Downtown Toronto project.



POSSIBILITIES OF TOMORROW

Building Safe Communities

Communities power Ontario, and we are grateful to play a part in making them safe. Hydro One’s signature community investment program is **Building Safe Communities**. We partner with organizations across Ontario that support safety training and safe play. In 2019 alone, we provided training to about 200,000 youth across Ontario to teach them lifesaving skills and how to play safe.

In addition to joining community fairs and festivals across Ontario, here are just some of the safety initiatives our Building Safe Communities program supports:

Head Safe

Hydro One and Scouts Canada partnered in 2019 to launch Head Safe – a new hands-on program aimed at educating families on the impacts of head injuries, the importance of prevention and safe return to play. With concussions representing more than one in five student injuries treated in Ontario, we want to ensure that families prepare for any outdoor adventures with safety in mind. Head Safe provides youth, volunteers and families in over 25,000 households with essential educational tools – head injury first aid, how to recognize the early symptoms of a concussion, important safety measures to protect against head injuries and role play on how to respond to real-life scenarios.

A Safer Future for Kids

Each year in Ontario, 50,000 children visit the emergency department for fall-related injuries. That is why Hydro One is a sponsor of Parachute’s Safe Kids Week, an annual public awareness campaign to raise awareness about preventable childhood injuries. In 2019, more than 150 community partners across Canada joined us for Safe Kids Week, with Parachute and Hydro One providing more than 115 toolkits to run community events across the province.

A Safer Future for Communities

With 80% of out-of-hospital cardiac arrests occurring at home or in public places, research shows that early CPR combined with early defibrillation can increase the chance of survival by up to 75%. With that in mind, we have been supporting the ACT Foundation since 2000. The ACT Foundation is a national charity working to ensure high school students receive CPR and defibrillation training. Our funds support training students on how to save a life and helping the ACT Foundation to bring their programming to more rural and First Nations schools.



“Our commitment to safety goes beyond the workplace to building safe communities where we live, work and play. Our partnership with Scouts Canada will make a difference by providing young people with the tools and training to prevent and treat head injuries.”

— Mark Poweska, President and CEO

Powering Economies

Approach

Hydro One maximizes the value we bring to Ontario communities through our economic contributions. Our contributions include taxes paid, employee wages and benefits, procurement spending and community investment. We recognize that a strong, diverse supplier community is essential to the province's economic vitality.

As a partner in the province's economic development, regional suppliers play a large role in supporting our work programs and projects. Our approach is guided by our supplier code of conduct, which outlines our expectations of all suppliers to Hydro One. We also conduct biannual reviews of our suppliers using a vendor embargo review tool to screen against companies that are designated terrorist organizations or that are subject to international embargos. If a supplier is flagged from this review, we will cease all business relations with them.

Performance

In 2019, we added approximately \$1.5 billion in economic value to cities, towns and communities through buying goods and services. One of the biggest contributions we make is through the creation of high-quality employment opportunities, and we directly employ an average of approximately 8,800 people.

Key ESG policies, programs and management systems guiding our actions include:

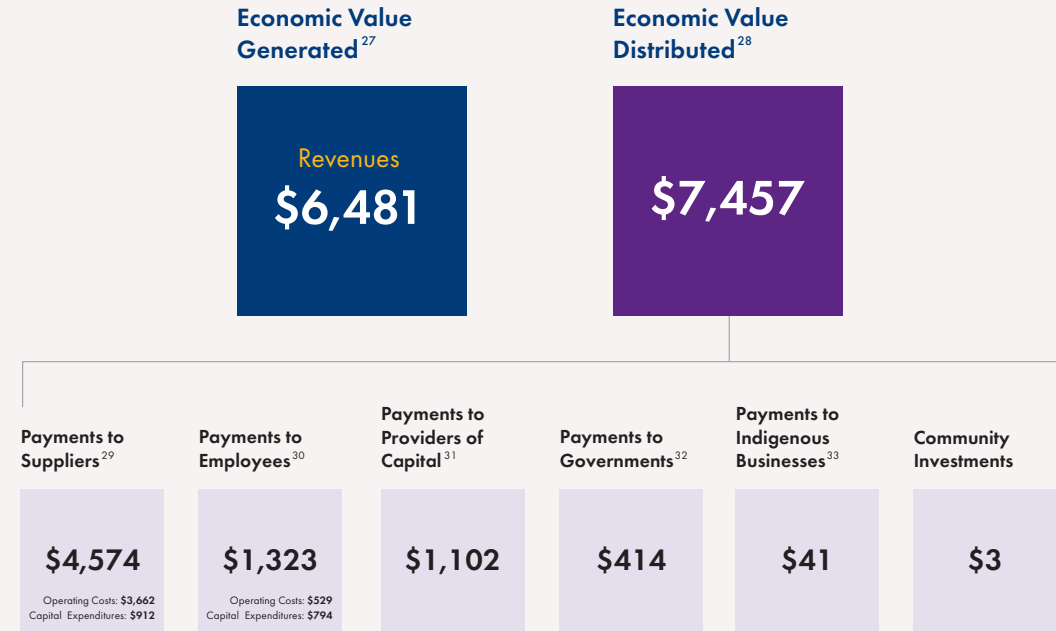
- ✓ [Supplier code of conduct](#)

Supporting Economies:

- \$7.3 billion, approximately, in economic value distributed across Canada²⁴
- \$1.5 billion of goods and services purchased
- 79% of total procurement spent with Ontario suppliers²⁵, supporting local goods and services

Economic Value Distributed²⁶

Economic Value as of December 31, 2019. All amounts in millions of dollars.



24. Hydro One operates within the OEB's regulatory framework for electricity transmitters and distributors, which is designed to support the cost-effective planning and operation of the electricity network and to provide an appropriate alignment between a sustainable, financially viable electricity sector and the expectations of customers for reliable service at a reasonable price. As Hydro One operates in a regulated environment, the OEB approves both the revenue requirements and the rates charged by Hydro One's regulated transmission and distribution businesses. Under the OEB's regulated framework, the rates are designed to permit the Company's transmission and distribution businesses to recover the allowed operating costs and to earn a formula-based annual rate of return on its rate base. Rate base represents the Company's investments in sustaining and developing capital assets. This regulatory framework has the effect of deferring the generation of revenues into future periods over the useful life of the capital assets. This number does not include economic value generated or distributed outside of Canada.

25. We define Ontario goods and services purchased by the vendor address.

26. Economic value distributed as defined by the GRI disclosure 201-1. This is not a financial reporting indicator and should not be confused with our year-end financial statements.

27. Economic value generated includes revenues and gains on asset dispositions.

28. Economic value distributed includes capital expenditures which is recovered in revenues over the life of the asset as per OEB's regulatory framework. The capital expenditure amounts are presented as gross figures and include all payments related to capital work. Therefore, they are different to the year-end numbers presented in our 2019 financial statements.

29. Payments to suppliers include the cost of goods and services provided by vendors and contractors including amounts paid for the cost of power. Excludes amounts paid to Indigenous businesses as separately disclosed.

30. Payments to employees include wages and benefits paid to employees and pensioners as well as severance.

31. Payments to providers of capital include dividends paid, interest on debt, and costs to secure capital including amounts paid to credit agencies.

32. Payments to government include amounts paid for income taxes, excise taxes, payroll taxes and property taxes. Excludes deferred taxes.

33. Payments to Indigenous businesses include amounts spent on the purchase of goods and services.

Key Programs & Future Initiatives

We strive to be a supply chain leader through programs and technologies that protect people and manage impacts on the environment. We pursue alignment with suppliers that share our vision of sustainability and safety while providing the right material or service at the right place, at the right time, and for the best value.

We launched a supplier performance management program in 2019 to develop closer ties to our supplier base and to improve overall coordination. As part of this program, we continue to educate our team on ways to identify and foster First Nation procurement opportunities. Through this, we have successfully expanded our supplier base of Indigenous businesses.

Cost Savings Through Recycling

We have achieved significant productivity savings through our cost recovery model. In 2019, we achieved approximately \$30 million in savings for costs or materials related to our recycling, recovery and technology enhancements in our fleet program.

We also saw savings through our transformer oil recycling program. In 2019, we recycled over 500,000 litres of clean transformer oil, reducing our costs and our emissions related to the purchase, transportation and refining of this mineral oil.

Our liquid and non-hazardous waste management programs also recycle metal and oil from the disposal of oil-filled electrical equipment. In 2019, we recycled 1,050 tonnes of equipment waste and over 3 million litres of oil, resulting in approximately \$3.5 million in rebates.

We plan to take the following actions in 2020 to add value to our supply chain and power local economies:

- Continue to support Ontario businesses, work with Indigenous-owned companies, and work with suppliers to expand Indigenous participation in their contracts.
- Expand the supplier performance management program by 28 new suppliers.
- Review our supply chain to ensure we have enough critical goods stockpiled with our suppliers in light of COVID-19.

Amount of Transformer Oil Recycled Annually
(litres)

515,071L

2019	515,071
2018	584,726
2017	539,653

Hydro One’s transformer oil recycling program cleans and reuses transformer oil. On average, we recycle half a million litres of oil annually, which positively benefits the environment and saves costs.

In 2019, we recycled over 500,000 litres of clean transformer oil, reducing our costs and our emissions related to the purchase, transportation and refining of this mineral oil.



Advocate for Our Customers

Customer satisfaction is central to the success of Hydro One's business. We are committed to advocating for our customers and to helping them find the right solutions based on their unique needs. Those solutions include helping our customers save money, providing them with actionable insights, and expanding their access to energy offerings to become the provider of choice to customers.



Customer Service Accessibility & Affordability Reliability

Customer Service

Approach

The electricity industry is evolving and so are the needs of our customers. Technological advances and the growth in distributed energy sources are changing our industry, bringing opportunities to deliver new energy products and services to our customers.

Hydro One will continue to advocate for our customers and help them make informed decisions. We are transforming our customer experience by creating digital channels that enhance existing services, introducing new services and offering innovative solutions to meet their energy needs. We are focused on making it easier to do business with Hydro One, and addressing our customers' needs for affordability and reliability.

Performance

We enhanced Hydro One's status as a trusted partner by introducing a new power factor correction service to help customers whose large equipment impacts the quality of their electrical supply; by advocating for our seasonal customers; and, by providing dedicated account executives for large transmission and distribution customers.

Key ESG policies, programs and management systems guiding our actions include:

✔ Customer Commitments

In an effort to be more environmentally conscious and save money, Hydro One became the first utility in Ontario to auto-enroll customers in e-billing. Through the success of our e-billing program, we mailed out approximately 1.5 million fewer paper bills in 2019.

To support our large customers, in 2019, we hosted an energy conference to generate awareness around changes in the province's energy landscape. Following feedback from the conference, our account managers undertook an evaluation of our connection process and are rolling out improvements as part of a focused project to make connections simpler. Various other customer initiatives are also underway, including a tracking tool that enables customers to monitor the progress of their connection request from start to finish.

We also increased the number of new distribution customer connections, responded to requests for more power from customers, and brought a second transmission station into service in Leamington.

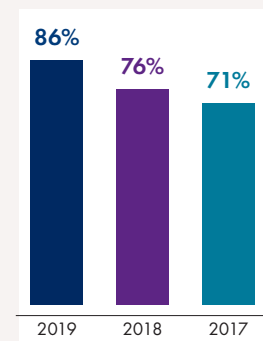
86%

Customer satisfaction score for our distribution residential and small business customers*



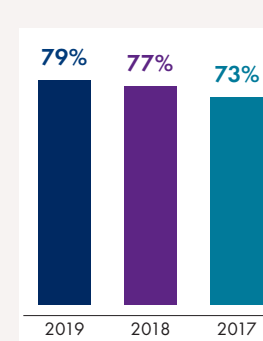
Customer Satisfaction

Distribution – Residential and Small Business*



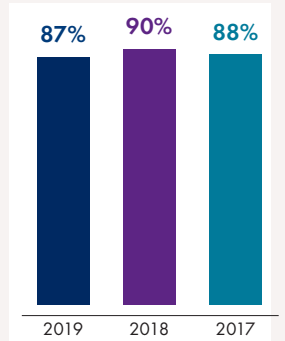
In 2019, we achieved a residential and small business customer satisfaction score of 86% – our highest in over a decade. The increase can be attributed to improved customer experience, reliability, rates and the strength of the Hydro One brand.

Distribution³⁴ – Commercial and Industrial*



The improvement in our commercial and industrial customer satisfaction rate reflects improved communication, service quality and advocacy on behalf of Hydro One's customers.

Transmission*



Transmission customer satisfaction was 87%, reflecting our continued focus and commitment to this customer segment.

34. This includes the customer group of +50KW.

Key Programs & Future Initiatives

Connecting Our Customers with Real-Time Information

We are finding innovative ways to use technology to better serve our customers, including the introduction of a new portal for our commercial and industrial customers to help them track their usage, improve their energy efficiencies and reduce their costs.

We are finding innovative ways to use technology to better serve our customers.



We also updated Hydro One's customer outage map and application, which includes advanced features, such as short message service (SMS) outage alerts, weather radar and street level detail. Other new features include the ability to view outage information for individual homes, cottages or businesses and receive updates every 10 minutes as information comes in from crews on-site. We have enrolled approximately 500,000 customers for proactive outage alerts, providing them with convenient and real-time information.

We plan to take the following actions in 2020 to enhance the customer experience and make it easier to do business with Hydro One:

- Grow relationships with government and industry partners to advocate on behalf of customers for relief, flexibility and choice.
- Increase the number of new connections for our distribution customers in response to high volumes and requests for access to power.
- Continue to power up local communities and support local economic growth across all of Ontario where business continues to expand.

500,000

Customers enrolled for proactive outage alerts.

PANDEMIC RESPONSE

Hydro One is committed to providing customers with relief, choice and flexibility now and in the future. We were the first utility in Ontario to launch a Pandemic Relief Fund which provides financial assistance and payment flexibility to customers experiencing hardship. Through this program, we are able to help our customers avoid the stress of falling behind by connecting them to the right programs to meet their unique needs. We have also returned about \$5 million in security deposits to more than 4,000 businesses across the province, suspended late fees and extended our Winter Relief Program to ensure no customer is disconnected. We will continue to advocate for choice, relief and flexibility on behalf of our customers as they navigate this unprecedented situation.



SUPPORTING LOCAL ECONOMIES

In recent years, the greenhouse industry in southwestern Ontario has been booming in and around Leamington. We heard from local government and business leaders that this community needed significantly more power to support the growth it was experiencing. We worked collaboratively with the IESO and local community leaders to understand the needs in the area so that new infrastructure could be built to support the growing demand for electricity.

We advocated for a new, major transmission line to provide 400 additional megawatts of power to the Leamington area. This collaborative advocacy work was a success: in June of 2019, the IESO requested Hydro One build a new transmission line from Chatham to Lakeshore.

We will continue to work with our customers to better understand their emerging needs and ensure we have a power grid that supports local economies.

Accessibility & Affordability

Approach

Hydro One continues to advocate for our customers on the issues that matter most to them, including lower rates, improved reliability, environmental protection and customer experience. We remain sensitive to the needs of our low-income customers, providing advice and guidance on programs that will help them reduce their electricity bill.

Performance

We advocate in various policy forums to ensure customer concerns about affordability, commercial competitiveness and reliability are heard by regulatory authorities. Through our enhanced digital channels, we have advised customers on energy-efficient solutions and opportunities to reduce their costs, particularly where alternative fuels are more expensive. We focus on making the cost of adopting better technology more affordable, for example, by providing fuel-switching incentives.



We deliver energy retrofit programs that help customers save energy and money, including the Affordability Fund Trust, which provides eligible customers with energy-saving measures and retrofits at no cost. We administer this program on behalf of 64 Ontario local distribution companies. Beneficiaries of this program are those who would not qualify for other low-income assistance programs, yet struggle to afford their electricity. In 2019, over 25,000 Hydro One customers participated in this program.

For Ontarians who are behind on paying their electricity bill and face having their service disconnected, we offer the Low-income Energy Assistance Program (LEAP) – a one-time only emergency payment. For those who qualify, LEAP pays up to \$500 of the amount owing on a bill and up to \$600 if the customer’s home is electrically heated.

We advocate for our customers on the issues that matter most to them, including lower rates, improved reliability, energy conservation and customer experience.

185,017 MWh³⁵ 

2019 Energy Savings from Conservation Programs*

We help our customers save on their electricity costs by providing energy conservation advice and offering a toolbox of energy conservation solutions including through our Affordability Fund Trust. The energy savings in 2019 are equivalent to the amount of power that 20,500 households use in a year³⁶.

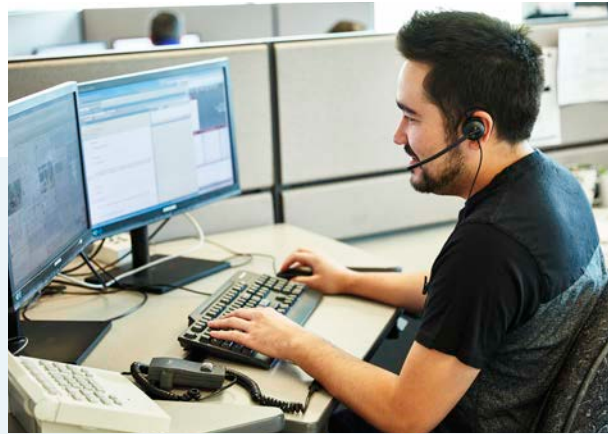


HELPING OUR CUSTOMERS SAVE FUEL COSTS

We introduced a new fuel-switching program in 2019 to provide our residential customers with the support they need to effectively switch their fuel source from propane to electricity – potentially saving them up to \$600 annually on their fuel bills. The fuel-switching program targets residential customers that use oil and propane for space and water heating, in areas where there is no natural gas infrastructure. This program will help them save money by switching to electricity.

35. Estimated gross savings as calculated by Hydro One.

36. Calculation estimate based on the amount of power the average household uses per year.



RECONNECTING OUR MOST VULNERABLE CUSTOMERS

A customer from one of our First Nations communities had recently fallen behind on paying their bills, making every day a struggle. The customer was so far in arrears, they had been living without power.

This dire situation was brought to the attention of our Indigenous relations teams, who quickly pulled together a plan to reconnect their service and help them to make manageable payments on their account.

We reduced the customer’s balance by crediting back late payment charges, reducing the remaining balance by half, and by setting up monthly payments that the customer has been able to maintain since Hydro One reconnected their service.

We also enrolled our customer in Ontario’s Electricity Support Program and helped them to leverage the First Nations delivery credit to keep their bills down in the future. Our goal is to help them get their account back into a healthy status, and maintain that healthy status.

Now rather than being overwhelmed and anxious about their finances, our customer says they are no longer worried about opening their bill because they know they can work with Hydro One to find the right energy solution. With their power back on and their account in good standing, our customer says they are now enjoying making their home a “home” once more.

Key Programs & Future Initiatives

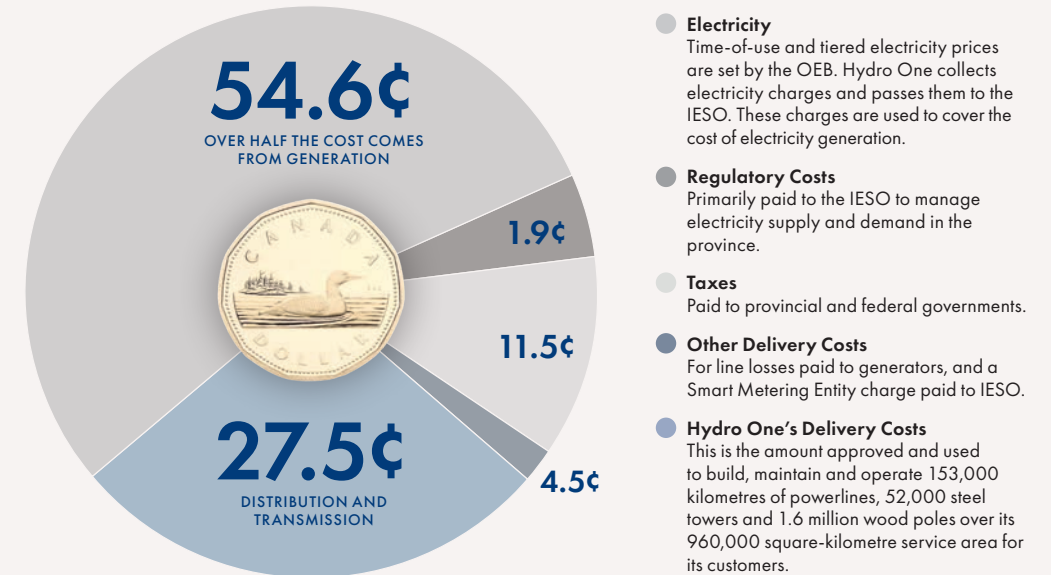
In 2019, we realized productivity savings of \$202.3 million, which brings the total saved since 2015 to over \$450 million. We understand affordability is a key concern and we will continue to do our part to drive costs out of the system and pass on these savings to our customers.

As a trusted energy advisor, our customer solutions team plans to offer new programs to our commercial and industrial customers that will drive energy efficiency, sustainability and reliability. These include:

- Refrigeration efficiency program: For commercial and industrial customers, this new refrigeration efficiency program offers up to \$2,500, with customers choosing from a menu of services and retrofits. We anticipate customers could save about \$100 monthly on their electricity bills.
- Strategic energy manager pilot: This is a pilot behavioural energy efficiency program for up to 12 large industrial or multi-site commercial customers. The program aims to deliver 3% kWh savings after one year by advising our customers on how they can change their behaviour so they consume less.
- Power factor correction pilot: This pilot program aims to increase system efficiency and to save our customers money. When the provincial restrictions on business are lifted, we expect to offer this service to a subset of our large customers in 2020.

Explaining Your Hydro One Bill

Did you know? On every Hydro One bill, only 27.5 cents on every dollar goes to Hydro One.



Based on 2019 rates and prices for a typical medium density household using 750 kWh a month.

We plan to take the following actions in 2020 to support customer accessibility and affordability:

- Enhance our digital capabilities to reduce operational costs and increase customer engagement.
- Provide customers with insights on their usage so they can more effectively manage their energy consumption, as well as keep them informed of changes and best practices in the energy landscape.

- Provide energy retrofits at no cost to our residential customers through the continued implementation of the Affordability Fund Trust.

Affordability will remain a key focus of our customer service in 2020 as we anticipate the COVID-19 pandemic will continue to impact our residential, business and commercial customers. In recognition of this, we voluntarily proposed deferring rate increases for our transmission customers. We will also continue to advocate for affordability for all of our customers.

Reliability

Approach

Hydro One is committed to maintaining a reliable electricity system. We do this by replacing, repairing and upgrading equipment to keep the public safe and to reduce the number of power outages. We invest in technology that allows us to modernize Hydro One’s grid. In addition, we collaborate with the IESO and our customers to ensure our infrastructure investment plan meets the capacity needs of customers, communities and the provincial economy.

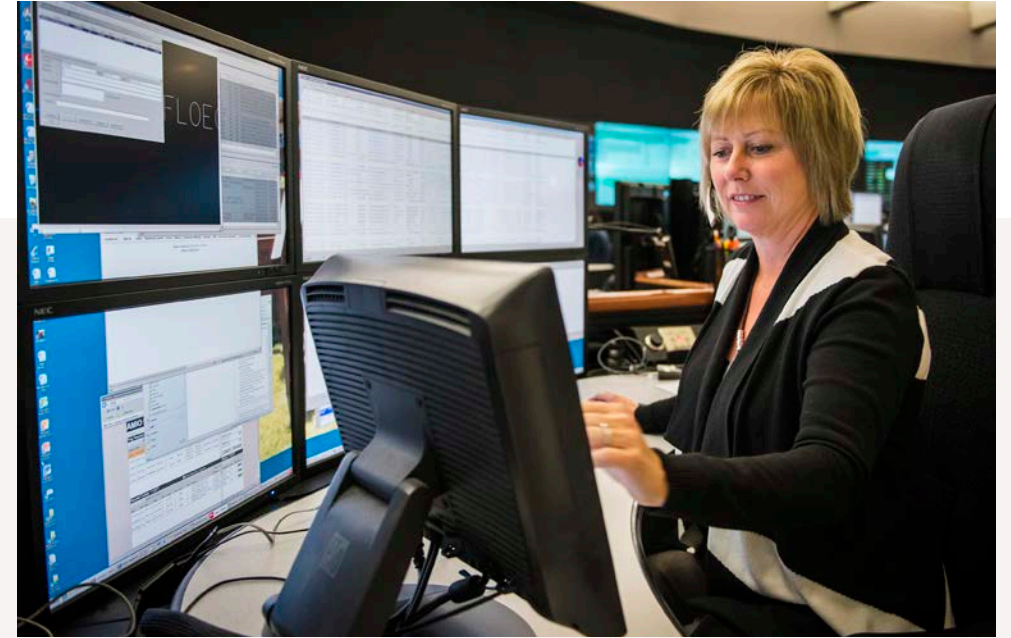
Performance

We are continuously working to improve the reliability of Ontario’s power supply, including reducing the number and duration of distribution interruptions our customers experience and maintaining the top tier performance of the transmission system to support continued growth in the province of Ontario.

Our CAIDI improved by 9.7% in 2019 mainly due to distribution system modernization and an improved ability to restore power faster and more efficiently.

We measure our reliability performance based on our system average interruption frequency index (SAIFI), system average interruption duration index (SAIDI), and our distribution customer average interruption duration index (CAIDI) numbers.

For 2019, we aimed to reduce our distribution SAIDI to an average of six hours per customer per year. Unfortunately, equipment failures and severe weather hindered our ability to achieve this target, moving the annual distribution SAIDI to seven hours. It is important to note that over the 10-year average duration of outages experienced by our customers³⁷, reliability has improved by almost 35%. Additionally, in 2019, customers experienced³⁸ the least number of interruptions since 2017.



Distribution³⁹

Interruptions SAIFI
(per customer per year)*

2.5



Distribution SAIFI performance declined slightly due to equipment failures and severe weather.

Hours SAIDI
(per customer per year)*

7.0



Distribution SAIDI performance declined slightly due to equipment failures and severe weather.

Hours CAIDI
(per customer per year)*

2.8



Distribution CAIDI is a key measure of success in delivering reliable power to our customers.

37. Including loss of supply and force majeure.

38. Including loss of supply and force majeure.

39. Our distribution SAIDI and SAIFI numbers do not include any force majeure events. We define a force majeure event to have occurred when electricity service to 10% or more of our distribution customers has been interrupted by an event.

Key Programs & Future Initiatives

We are maintaining and improving the reliability of our distribution system by advancing two key initiatives:

- We are expanding our distribution modernization program to install devices that enable remote monitoring and control of the system to determine when and where outages occur and remotely take action to restore power. We have installed almost 1,200 sensors and sectionalizing devices. In 2019, this resulted in savings of over 5.8 million customer interruption minutes.
- We are advancing our vegetation management program, which trims problem trees and vegetation more often to improve the overall safety and reliability of the system. In 2019, 2.4 hours per customer were caused by tree-related outages as compared to 2.8 hours per customer in 2018.

For our transmission system, our efforts to maintain and improve our reliability performance centre around the following initiatives:

- Renewal investments to proactively replace, repair and upgrade equipment to minimize the risk of power outages.

- Post-event investigations and corrective action planning to better understand the root causes of significant system outages. This work helps us identify and implement corrective actions and drive continuous improvement.
- Employing advanced analytics and new technologies for online monitoring of critical transmission assets. This allows us to identify any maintenance needs or assets at risk of failure in order to minimize the impact of outages, as well as identify outage fault locations and to allow for quick outage restoration.
- Improving performance by addressing “outlier” reliability issues through our strategic investments.

PANDEMIC RESPONSE

We recognize our critical role in supporting families, the economy and those on the frontlines fighting this virus. That is why we have taken several steps to support essential services during this time including: proactively patrolling power lines that feed hospitals and other critical infrastructure; prioritizing projects that enable our food supply, from connecting greenhouse growers to powering food depots and grocery stores and; connecting new homes to ensure people have shelter.

Our crews have demonstrated that we can execute a coordinated response to any outages in this new environment, quickly and safely and without any delay to restoration times. We are proud of the role that we play in energizing life for Ontarians, now and in the future.

We plan to take the following actions in 2020 to improve the reliability of Ontario’s power supply:

- Further roll out our distribution modernization program to install devices that enable remote monitoring of the system to determine when and where outages occur and remotely take action to restore power.
- Improve storm preparedness and response, leveraging tools and technology, with more people on call.



Transmission⁴⁰

Interruptions SAIFI
(per delivery point per year)*

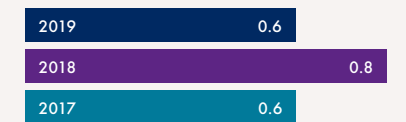
1.0



The improvement in Transmission SAIFI performance was due to fewer equipment and weather-related problems.

Hours SAIDI
(per delivery point per year)*

0.6



Our transmission SAIDI performance improved slightly due to faster restoration times when there were electrical contacts by objects and equipment problems.

40. The Transmission SAIDI and SAIFI numbers do not include any events with more than 10,000 MW*minutes unsupplied energy, initiated by uncontrollable causes, such as weather, environment, or foreign object interference. Due to change in methodology our previously published 2017 and 2018 SAIDI/SAIFI has been updated and no longer include force majeure events.

POSSIBILITIES OF TOMORROW

Celebrating 20 Years of Partnership and Innovation with Remote and First Nations Communities

Ontario's Far North covers 42% of the province's land mass and is home to 24,000 people, 90% of them First Nations. The region provides essential habitat for more than 200 sensitive species, including species at risk like woodland caribou and wolverine. It is home to Ontario's only populations of polar bears, beluga whales and snow geese.

Hydro One Remote Communities has been generating and delivering electricity to thousands of customers across Ontario's Far North for over 20 years⁴¹. In that time, we have worked hard to build trust and ensure the remote communities we serve benefit from our presence. Since the cost of living in the Far North is high, we operate our business to break-even and we do not make a profit.

Operational Excellence

In such a harsh and unforgiving climate, reliability is at the heart of what we do. Our electricians, line maintainers, mechanics, engineers and technicians respond to emergency power outages 24 hours a day, 7 days a week. In 2019, our generation availability was 99.9% across our entire system – one of the most reliable of comparable companies in Canada.

Most of the communities we serve are "off-grid", meaning they are not connected to the

electricity grid. Currently, the most reliable and cost-effective method to generate power in these remote communities is using diesel generators. The team also powers remote communities by operating 20 distribution systems and two mini-hydro stations, and by supporting 17 customer-owned renewable projects.

Innovative Partnerships

We invest in renewable generation and offer the communities we serve the opportunity to sell renewable electricity to us. This program enables the connection of renewable energy projects in northern communities while reducing the impact of diesel fuel emissions.

August of 2019 marked the official opening of the Giizis Energy Micro Grid in Kiashke Zaaging Anishinaabek (Gull Bay First Nation) – a fully integrated solar power and renewable energy-storage system that is 100% community owned. Hydro One Remote Communities is a contributor and the operating partner of this unique project.

One of the mini-hydro stations we own and operate is Shoulderblade Falls – a 20+ year partnership with Deer Lake First Nation. Located on the Severn River, Shoulderblade Falls began operating in 1998 and since then, has reduced community diesel use on average by a third each year.

Enhancing Community Capacity

We have built strong relationships in the communities we serve. Seventeen of the communities we serve are First Nations and many of our suppliers and contractors are First Nation enterprises. We often contract with local Band Councils for services and provide local employment opportunities for plant operation and maintenance, meter reading, environmental remediation and janitorial work.

In 2019, we enhanced our community outreach, held 14 community meetings, and worked with the Ontario Native Women Welfare Association to promote customer affordability programs. Our team also attended high school career fairs to talk to youth about career opportunities in the energy field, participated in the Opiikapawiin Services Youth Energize workshop and Kitchenuhmaykoosib Inninuwug's Energy Day.

Outstanding Customer Service

Hydro One Remote Communities directly services over 4,200 customers and we understand that for each one, the cost of living in the Far North is high. The communities we serve have the lowest electricity rates in Ontario, making our monthly bills affordable. Our staff also works with customers to help make paying the bills easier.

In our latest Hydro One Remote Communities survey, we achieved 93% customer satisfaction levels, with customers rating us highly because they consider our service reliable, there are few problems and they have electricity when needed. This is the second highest satisfaction level we have received since we began tracking customer perceptions in 2003.



Environmental Leadership

We respect the land and water and work hard to reduce the overall environmental impact of our business. Our integrated Environmental and Health and Safety Management System – registered to the ISO 14001 environmental standard since 2002⁴² – helps us demonstrate continual improvement in environmental, health and safety performance and to better manage the environmental aspects and safety hazards and risks associated with our work. We focus on reducing the amount of material lost to the environment through spills and releases; reducing air emissions by optimizing or implementing new renewable energy technologies; and controlling and reducing noise emissions from our operations.

Not only do we provide sustainable, reliable and affordable power to over 15,000 people, we are helping remote communities build capacity and innovate for the future.

41. Hydro One Remote Communities Inc. was created 20 years ago from the demerger of Ontario Hydro for the purpose of serving Ontario's off-grid communities in the Far North. Many relationships with First Nations communities pre-date this period, with the expansion into remote areas of Northern Ontario beginning in the late 1960s.

42. This is a standard of the International Organization for Standardization that sets out the criteria for an environmental management system and can be certified to.

Innovate and Grow the Business

Hydro One is pursuing emerging technologies and responsible investment opportunities that add value to our business, provide our customers with alternative energy solutions, and help us deliver a more environmentally sustainable future. The electrification of the economy presents powerful opportunities for future economic and social growth.



Innovative Sustainability Investments

Innovative Sustainability Investments

Approach

Growth and innovation are central to our efforts to provide value for our customers, shareholders and stakeholders across communities in Ontario. Sustainability is powering growth and innovation at Hydro One. It is transforming how we think about the energy products, services and solutions we offer our customers. It is fostering an entrepreneurial culture that is creating economic and social value for all Hydro One stakeholders including our employees, business partners and the communities we serve.

While we continue to invest responsibly in our core transmission and distribution businesses, we are pursuing innovative sustainability investments that are designed to energize life for people and communities in Ontario today and into the future.

Performance

With a focus on innovation, in 2019, we made investments of approximately \$4.4 million in research and development to advance leading-edge technologies and practices. This included investments with key sector organizations, including the Electric Power Research Institute and the Centre for Energy Advancement through Technological Innovation. We also partnered with organizations such as Energy Storage Canada to advance discussions around energy storage opportunities.

We are exploring the promise of new energy storage and microgrid technologies to help improve reliability of supply to our customers. These emerging storage solutions, which lower customer dependency on diesel generators, include large scale battery energy storage systems at the community level and, eventually, the installation of residential storage batteries in customer homes.

In 2019, we introduced a battery energy storage system with Aroland First Nation, a community located near Nakina in the Thunder Bay region. Between 2013 and 2017, Aroland averaged 11 outages and 57 hours of power interruptions per year. The installation of a centralized battery system just outside the First Nation is nearly complete. The system will allow the community to be supplied by the battery energy storage system during an upstream supply interruption. This pilot will provide extensive insights into the battery energy storage system technology and will also improve reliability of electricity by reducing the duration of customer outages by about 60% once it is in service.

In 2019, we approved the building of a new grid control centre in Orillia, which will serve as one of our innovative technology hubs and will ensure the safe, reliable delivery of electricity to communities across Ontario for years to come. We expect to invest approximately \$150 million to build this state-of-the-art grid control centre.

PANDEMIC RESPONSE

Hydro One has adapted to ensure the health and safety of our employees and the reliability of our system. Through these unprecedented challenges, we have found new ways to collaborate and find innovative solutions to meet the needs of our customers and communities. In an effort to maintain physical distance, we are now deploying work digitally, which has resulted in increased productivity and efficiency. To reduce the potential spread of an illness, employees engineered a make-shift handwashing station to ensure good hygiene while on job sites with no running water. Employees also designed a wipe dispenser, which were distributed across Ontario to help keep employees safe.



Innovative Sustainability Investments

Key Programs & Future Initiatives

Hydro One is innovating to better position our business for the future. We have made a capital commitment to Energy Impact Partners (EIP), joining global innovators in our field and learning from the best in the utilities sector.

EIP is the world's largest utility-backed innovation venture capital fund focused on technologies reshaping the future of the energy industry – a future that is increasingly electrified, digitized, decarbonized and decentralized.

EIP partners with utilities to make investments in emerging energy technology companies, taking a collective investment approach that will help us accelerate and de-risk our innovation efforts. EIP will also offer us insights into emerging technologies and business models, with a research team that will help us tackle many emerging challenges we face in the changing utility landscape.

We are also committed to using new technology and services to meet our customers' evolving needs while supporting a sustainable future through our joint venture Ivy Charging Network™ (Ivy). Ivy is building Ontario's largest and most connected electric vehicle fast-charger network with 73 locations across Ontario that will be, on average, less than 100 kilometres apart. The network is designed to make charging on-the-go easy and convenient while supporting a better and brighter future for all through a greener transportation sector. The joint venture, with assistance from the federal government will make a real difference in the transition to a more environmentally sustainable future.

We plan to take the following actions in 2020 to innovate and grow our business:

- Continue to use 3D technology to illustrate and articulate our project plans during stakeholder meetings, allowing the public to visualize future developments. This technology gives our customers and community stakeholders the ability to view the surroundings of existing assets, as well as to identify the benefits and potential issues discovered during all phases of the planning process.
- Improve reliability for customers by piloting a battery storage program that targets customers who are experiencing poor reliability from our Pointe-Au-Baril and Trout Creek feeders.
- Establish an energy management services business to help commercial and industrial customers reduce their peak energy use.

Our joint venture Ivy Charging Network™ is building Ontario's largest and most connected electric vehicle fast-charger network with 73 locations across Ontario.



Connect with Us

Receiving your feedback is a key element of our reporting process. It helps us to address the issues that matter most to our stakeholders. Please email us at Sustainability@HydroOne.com

Discover more about sustainability at Hydro One:

www.HydroOne.com/about/sustainability

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Appendix

2019 ESG Performance Overview

INDICATOR	2019	2018	2017
Employees and Workplace			
Executive diversity ⁴³			
Women	31.9%	33.5%	33.9%
Men	68.1%	66.5%	66.1%
Visible minorities	24.6%	15.2%	6.3%
Grid Resiliency and Modernization			
Capital investments (\$ millions)	\$1,667	\$1,575	\$1,567
Innovation			
Investment in research and development (\$ millions)	\$4.4	\$5.2	\$5.0
Climate Change⁴⁴			
Scope 1 GHG emissions (tCO ₂ e)	163,761	168,381	–
Scope 2 GHG emissions (tCO ₂ e)	156,847	166,145	–
Health and Safety			
Total annual recordable injury rate per 200,000 hours worked	0.8	1.1	1.2
Lost time injury severity rate per 200,000 hours worked	6.9	2.2	8.6
Lost time injury frequency rate per 200,000 hours worked	0.2	0.1	0.2
Indigenous Partnerships			
Indigenous procurement spend (\$ millions)	\$41.3	\$39.4	\$24.1
Community Partnerships			
Community investment donations and sponsorships (\$ millions)	\$2.8	\$2.6	\$2.2
Customer Service			
Transmission customer satisfaction (%) [*]	87	90	88
Commercial and Industrial satisfaction (%) [*]	79	77	73
Residential and small business customer satisfaction (%) [*]	86	76	71
Accessibility and Affordability			
Productivity savings (\$ millions)	\$202.3	\$135.5	\$89.5
Bill savings through the Affordability Fund Trust ⁴⁵	\$2.1	\$0.6	–
Reliability			
Transmission System Average Interruption Duration Index ^{*46}	0.6 hours	0.8 hours	0.6 hours
Distribution System Average Interruption Duration Index ^{*47}	7.0 hours	6.8 hours	7.9 hours
Governance			
Number of unresolved well-founded privacy complaints ⁴⁸ as determined by the Privacy Commissioner of Canada	0	0	0
Number of cases received by our corporate ethics office ⁴⁹	265	223	193

All information is for Hydro One Limited unless there is an asterisk (*), in which case the information is just for Hydro One Networks.

43. We define executive level as VP and above. Diversity data is based on employees voluntarily self-identifying. We have changed our calculation methodology and now all values represent averages over the year. We have updated 2017 and 2018 data so it can be compared to the new methodology used in 2019.

44. Improved data management led to establishment of 2018 as the baseline year for GHG data collection. Our 2018 metrics were also adjusted to be inclusive of Hydro One Limited and update of carbon equivalent based on 2018 adjustments reported in Canada's National Inventory Report, 1990-2018, Part 2, Annex 6 & 13; Emission Factors.

45. The Affordability Fund Trust provides qualifying residential customers with free home energy efficiency upgrades. The bill savings are realized as a result of the energy efficiency measures given to participants <https://www.affordabilityfund.org>

46. The Transmission SAIDI numbers do not include any events with more than 10,000 MW*minutes unsupplied energy, initiated by uncontrollable causes, such as weather, environment, or foreign object interference.

47. The Distribution SAIDI numbers do not include any force majeure events. We define a force majeure event to have occurred when electricity service to 10% or more of our distribution customers has been interrupted by an event.

48. The term "well founded" is used by the Office of the Privacy Commissioner of Canada when the Commissioner has found that an organization has failed to respect a provision of the Personal Information Protection and Electronic Document Act.

49. Over the past three years we have seen an increase in cases received. Hydro One welcomes this, as we believe it points to the effectiveness of our training program and our employees' comfort in reporting.

SASB Table

New this year, we have included a table containing topics and issues identified by the Sustainability Accounting Standards Board (SASB). We are reporting using the SASB framework because we understand the importance of transparent disclosures and support efforts that seek to drive consistency and comparability of sustainability performance data.

As an electricity Transmission and Distribution company, we report according to the SASB framework for the Electric Utilities & Power Generators industry. We address all indicators in the standard that we consider to be material for our business and are legally able to report on as an Ontario-based utility.

SASB Table

INDICATOR	2019
Energy Affordability	
Average retail electric rate	\$0.16/kWh residential \$0.18/kWh commercial \$0.16/kWh industrial
Typical monthly electric bill for residential customers for 500 and 1,000 kWh of electricity delivered per month (\$)	\$94.39 for 500 kWh \$158.15 for 1000 kWh
Residential customer electric disconnections for non-payment, percentage reconnected within 30 days	70% reconnected within 30 days
Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory	Hydro One remains sensitive to the needs of our low-income customers. We use four main indicators to determine which customers could potentially have an issue with affordability – payment history, average household income, average electricity bill size as a percentage of total income and household average debt. These indicators are not mutually exclusive and are used in various combinations to help us better understand our customers. For these customers, we then provide them advice and guidance on programs that will help them reduce their electricity bill. We know that in our service territory, the customers who face the biggest challenges to electricity affordability are in the rural parts of Ontario. These are customers with limited connections and where housing tends to be older and less efficient. While arrears for customers have declined in recent years, we expect that with the impact of the COVID-19 pandemic and associated job losses, many of our customer households will struggle with affordability. To support these customers and provide them with affordable solutions, we are working closely with provincial government agencies that regulate and operate the electricity rates and markets, and the Affordability Fund Trust. With the impact of the COVID-19 pandemic, we are seeing many of our commercial customers struggle with bill payments. To support these customers, we implemented specific relief programs like returning security deposits, providing flexibility on payment schedules and suspending late payment charges. In light of the economic situation we are working closely with our industry peers and the government to evaluate what measures can be implemented or extended to help these customers.

All information is for Hydro One Limited unless there is an asterisk (*), in which case the information is just for Hydro One Networks.

INDICATOR	2019
Workforce Health and Safety	
Total recordable incident rate	2019 Sustainability Report, Be the Safest and Most Efficient Utility
Total fatality rate	2019 Sustainability Report, Be the Safest and Most Efficient Utility
Near-miss frequency rate	5.8
End-Use Efficiency and Demand	
Percentage of electricity utility revenues from rate structures that are decoupled and contain a lost revenue adjustment mechanism ⁵⁰	53% revenue from Fixed charges 47% revenue from Volumetric charges None of our rate structures for distribution or transmission contained a lost revenue adjustment mechanism in 2019
Percentage of electric load served by smart grid technology*	91% ⁵¹
Customer electricity savings from efficiency measures, by market	2019 Sustainability Report, Advocate for Our Customers
Grid Resiliency	
Number of incidents of non-compliance with physical and/or cybersecurity standards or regulations	Hydro One is unable to disclose this information as it is subject to the confidentiality provisions of the IESO market rules
(1) System Average Interruption Duration Index (SAIDI), (2) System Average Interruption Frequency Index (SAIFI), and (3) Customer Average Interruption Duration Index (CAIDI), inclusive of major event days	2019 Sustainability Report, Advocate for Our Customers

50. Calculated for our Distribution business

51. To calculate the percentage of electric load delivered by smart grid technology we calculated the total amount of electrical energy delivered to our customers with (or by) an active smart meter.

SASB Activity Table

ACTIVITY METRIC	2019
Distribution: Number of residential, commercial, industrial and other retail customers served (#) ⁵²	1,226,149, residential
	112,549, commercial
	8,074, industrial
	34,169 ⁵³ , other retail
Transmission: Number of customers served ⁵⁴	683 ⁵⁵
Distribution: Total electricity delivered to residential, commercial, industrial, all other retail customers and wholesale distribution customers	12,872,825 MWh, residential
	3,120,146 MWh, commercial
	8,739,963 MWh, industrial
	163,547 MWh ⁵⁶ , other retail customers
	10,585,392 MWh ⁵⁷ , wholesale distribution customers
Total electricity delivered to our Transmission system ⁵⁸	230,966 MW
Length of transmission and distribution lines (km)*	2019 Sustainability Report, Hydro One at a Glance
Total wholesale electricity purchased MWh*	27,464,605 MWh ⁵⁹

52. Numbers as of December 31, 2019.

53. This includes local distribution companies connected to Hydro One's distribution system, distributed generators, street lights, sentinel lights and unmetered scattered load.

54. Numbers as of December 31, 2019.

55. The number of customers our transmission system serves includes transmission delivery points of local distribution companies, transmission business customers and generators, as defined by the IESO.

56. This includes distributed generators, street lights, sentinel lights and unmetered scattered load.

57. This includes local distribution companies connected to Hydro One's distribution system.

58. This includes electricity delivered to local distribution companies, generators and transmission business customers. Transmission delivered points are defined by the IESO and total electricity is calculated as the sum of 12 monthly peak demand from all transmission delivery points.

59. For distribution networks, total electricity purchased in 2019.

All information is for Hydro One Limited unless there is an asterisk (*), in which case the information is just for Hydro One Networks.

GRI Table

CATEGORY/SECTION	TOPIC	GRI DISCLOSURE	2019
Core	Standard Disclosure	GRI 102-1 Name of the organization	Hydro One Limited
Core	Standard Disclosure	GRI 102-2 Activities, brands, products, and services	2019 Sustainability Report, Hydro One At-A-Glance
Core	Standard Disclosure	GRI 102-3 Location of headquarters	2019 Sustainability Report, Connect with Us
Core	Standard Disclosure	GRI 102-4 Location of operations	2019 Sustainability Report, Hydro One At-A-Glance
Core	Standard Disclosure	GRI 102-5 Ownership and legal form	2019 Sustainability Report, Hydro One At-A-Glance
Core	Standard Disclosure	GRI 102-6 Markets served	2019 Sustainability Report, Hydro One At-A-Glance
Core	Standard Disclosure	GRI 102-7 Scale of the organization	2019 Sustainability Report, Hydro One At-A-Glance
Core	Standard Disclosure	GRI 102-8 Information on employees and other workers	2019 Sustainability Report, People and Potential
Core	Standard Disclosure	GRI 102-9 Supply chain	Supplier Code of Conduct
Core	Standard Disclosure	GRI 102-10 Significant changes to the organization and its supply chain	There were no significant changes to Hydro One in 2019.
Core	Standard Disclosure	GRI 102-12 External Initiatives	2019 Sustainability Report, Be a Trusted Partner
Core	Standard Disclosure	GRI 102-13 Memberships of associations	In 2019, Hydro One was a member of the Canadian Chamber of Commerce, Canadian Electricity Association, CD Howe Institute, Electricity Distributors Association, Edison Electric Institute, North American Transmission Forum, Ontario Chamber of Commerce, Ontario Energy Association, Ontario Energy Network, Toronto Region Board of Trade, Western Energy Institute and Young Energy Professionals.

GRI Table

CATEGORY/SECTION	TOPIC	GRI DISCLOSURE	2019
Core	Standard Disclosure	GRI 102-14 Statement from senior decision-maker	2019 Sustainability Report, Message from Our President and CEO
Core	Standard Disclosure	GRI 102-15 Key Impacts, risk and opportunities	2019 Sustainability Report, Our Approach to Sustainability, 2019 ESG Performance Table
Core	Standard Disclosure	GRI 102-16 Values, principles, standards, and norms of behavior	Code of Business Conduct and Our Values
Core	Standard Disclosure	GRI 102-17 Mechanisms for advice and concerns about ethics	Code of Business Conduct , Ombudsman , 2019 ESG Performance Table and Whistleblower policy
Core	Standard Disclosure	GRI 102-18 Governance structure	2019 Sustainability Report, Our Approach to Sustainability
Core	Standard Disclosure	GRI 102-40 List of stakeholder groups and partners	2019 Sustainability Report, Our Approach to Sustainability
Core	Standard Disclosure	GRI 102-41 Collective bargaining agreements	2019 Management's Discussion and Analysis, Hydro One Work Force
Core	Standard Disclosure	GRI 102-42 Identifying and selecting stakeholders	2019 Sustainability Report, Our Approach to Sustainability
Core	Standard Disclosure	GRI 102-43 Approach to stakeholder engagement	2019 Sustainability Report, Be a Trusted Partner
Core	Standard Disclosure	GRI 102-44 Key topics and concerns raised	2019 Sustainability Report, Be a Trusted Partner
Core	Standard Disclosure	GRI 102-45 Entities included in the consolidated financial statements	2019 Sustainability Report, About This Report
Core	Standard Disclosure	GRI 102-46 Defining report content and topic Boundaries	2019 Sustainability Report, About This Report
Core	Standard Disclosure	GRI 102-47 List of material topics	2019 Sustainability Report, Our Approach to Sustainability
Core	Standard Disclosure	GRI 102-48 Restatements of information	There are no restatements of information given in previous reports
Core	Standard Disclosure	GRI 102-49 Changes in reporting	New to 2019, the information contained within this report is for Hydro One Limited. In instances where data is only available for Hydro One Networks Inc. (Hydro One Networks), it will be noted with an asterisk

GRI Table

CATEGORY/SECTION	TOPIC	GRI DISCLOSURE	2019																																																										
Core	Standard Disclosure	GRI 102-50 Reporting period	2019 Sustainability Report, About This Report																																																										
Core	Standard Disclosure	GRI 102-51 Date of most recent report	August 2019																																																										
Core	Standard Disclosure	GRI 102-52 Reporting cycle	2019 Sustainability Report, About This Report																																																										
Core	Standard Disclosure	GRI 102-53 Contact point for questions regarding the report	2019 Sustainability Report, Connect with Us																																																										
Core	Standard Disclosure	GRI 102-54 Claims of reporting in accordance with the GRI Standards	2019 Sustainability Report, About This Report																																																										
Core	Standard Disclosure	GRI 102-55 GRI content index	This table is available as a stand-alone document on our website																																																										
Core	Standard Disclosure	GRI 102-56 External assurance	GHD Ltd. verified Hydro One's GHG Emission report for the compliance period of January 1 to December 31, 2019																																																										
Core	Standard Disclosure	103-1 Explanation of the material topic and its Boundary	2019 Sustainability Report, About This Report and Our Approach to Sustainability																																																										
Core	Standard Disclosure	103-2 The management approach and its components	2019 Sustainability Report, within the approach section of each material																																																										
People and Potential	Talent	GRI 405-1 Discussion on Management Approach	2019 Sustainability Report, People and Potential and Diversity and Inclusion																																																										
People and Potential	Talent	GRI 405-1 Diversity of governance bodies and employees	2019 Sustainability Report, People and Potential and Corporate Governance																																																										
People and Potential	Talent	GRI EU15 Number of employees eligible to retire within 5 years, 10 years (% of workforce, by job category)	<p>Number of employees eligible to retire within 5 years, 10 years (% of workforce, by region, by job category)*</p> <table border="1"> <thead> <tr> <th rowspan="3">Job Category</th> <th colspan="4">2019</th> </tr> <tr> <th colspan="2">% of Workforce</th> <th colspan="2">% of NOC group</th> </tr> <tr> <th>5 years</th> <th>10 years</th> <th>5 years</th> <th>10 years</th> </tr> </thead> <tbody> <tr> <td>Electrical power line and cable workers</td> <td>3%</td> <td>4%</td> <td>18%</td> <td>23%</td> </tr> <tr> <td>Electrical and electronics engineers</td> <td>2%</td> <td>3%</td> <td>18%</td> <td>28%</td> </tr> <tr> <td>Electrical and electronics engineering technologists and technicians</td> <td>2%</td> <td>3%</td> <td>18%</td> <td>29%</td> </tr> <tr> <td>Silviculture and forestry workers</td> <td>1%</td> <td>1%</td> <td>9%</td> <td>18%</td> </tr> <tr> <td>Other customer and information services representatives</td> <td>1%</td> <td>2%</td> <td>20%</td> <td>42%</td> </tr> <tr> <td>Professional occupations in business management consulting</td> <td>1%</td> <td>2%</td> <td>30%</td> <td>42%</td> </tr> <tr> <td>Contractors and supervisors, electrical trades and telecommunications occupations</td> <td>2%</td> <td>2%</td> <td>54%</td> <td>66%</td> </tr> <tr> <td>Power system electricians</td> <td>1%</td> <td>1%</td> <td>22%</td> <td>34%</td> </tr> <tr> <td>General office support workers</td> <td>1%</td> <td>2%</td> <td>30%</td> <td>52%</td> </tr> </tbody> </table> <p>Note: Ontario is the Region</p>	Job Category	2019				% of Workforce		% of NOC group		5 years	10 years	5 years	10 years	Electrical power line and cable workers	3%	4%	18%	23%	Electrical and electronics engineers	2%	3%	18%	28%	Electrical and electronics engineering technologists and technicians	2%	3%	18%	29%	Silviculture and forestry workers	1%	1%	9%	18%	Other customer and information services representatives	1%	2%	20%	42%	Professional occupations in business management consulting	1%	2%	30%	42%	Contractors and supervisors, electrical trades and telecommunications occupations	2%	2%	54%	66%	Power system electricians	1%	1%	22%	34%	General office support workers	1%	2%	30%	52%
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GRI Table

CATEGORY/SECTION	TOPIC	GRI DISCLOSURE	2019
Build a Grid for the Future	Climate Change	GRI 305-1 Discussion on Management Approach	2019 Sustainability Report, Plan, Design and Build a Grid for the Future and Climate Change
Build a Grid for the Future	Climate Change	GRI 305-1 Direct Scope 1 GHG Emissions	2019 Sustainability Report, Plan, Design and Build a Grid for the Future
Build a Grid for the Future	Climate Change	GRI 305-2 Energy indirect (Scope 2) GHG emissions	2019 Sustainability Report, Plan, Design and Build a Grid for the Future
Build a Grid for the Future	Environmental Management	GRI 307-1 Non-compliance with environmental laws and regulations	2019 Sustainability Report, Plan, Design and Build a Grid for the Future
Build a Grid for the Future	Infrastructure Renewal and Modernization	GRI 203-1 Discussion on Management Approach	2019 Sustainability Report, Plan, Design and Build a Grid for the Future and Grid Resiliency and Modernization
Build a Grid for the Future	Infrastructure Renewal and Modernization	GRI 203-1 Indirect Economic Impacts	2019 ESG Performance Table
Be the Safest Utility	Health and Safety	GRI 403-1 Discussion on Management Approach	2019 Sustainability Report, Be the Safest and Most Efficient Utility and Health and Safety
Be the Safest Utility	Health and Safety	GRI 403-1 Occupational health and safety management system	2019 Sustainability Report, Be the Safest and Most Efficient Utility
Be the Safest Utility	Health and Safety	GRI 403-8 Workers covered by occupational health and safety management system	2019 Sustainability Report, Be the Safest and Most Efficient Utility
Be the Safest Utility	Health and Safety	GRI 403-9 Work-related injuries	2019 Sustainability Report, Be the Safest and Most Efficient Utility
Be a Trusted Partner	Indigenous Relations	GRI 411-1 Discussion on Management Approach	2019 Sustainability Report, Be a Trusted Partner and Indigenous Relations
Be a Trusted Partner	Economic Performance	GRI 201-1 Economic value generated and distributed	2019 Sustainability Report, Be a Trusted Partner
Be a Trusted Partner	Procurement Practices	GRI 204-1 Proportion of spending on local suppliers	2019 Sustainability Report, Be a Trusted Partner
Advocate for Our Customers	Customer Service	GRI EU3 Discussion on Management Approach	2019 Sustainability Report, Advocate for Our Customers and Customer Service
Advocate for Our Customers	Customer Service	GRI EU3 Number of residential, industrial, institutional, and commercial customer accounts	2019 SASB Table
Advocate for Our Customers	Accessibility and Affordability	GRI 203-2 Discussion on Management Approach	2019 Sustainability Report, Advocate for Our Customers and Accessibility and Affordability
Advocate for Our Customers	Accessibility and Affordability	GRI 203-2 Indirect Economic Impacts	2019 Sustainability Report, Advocate for Our Customers, Accessibility and Affordability and 2019 SASB Table

GRI Table

CATEGORY/SECTION	TOPIC	GRI DISCLOSURE	2019
Advocate for Our Customers	Accessibility and Affordability	GRI EU4 Length of above and underground transmission and distribution lines by regulatory regime	2019 Sustainability Report, Hydro One At-A-Glance
Advocate for Our Customers	Reliability	Discussion on Management Approach	2019 Sustainability Report, Advocate for Our Customers and Reliability
Advocate for Our Customers	Reliability	GRI EU28 Average Power Outage Frequency (Transmission SAIFI) (# of interruptions per delivery point per year)	2019 Sustainability Report, Advocate for Our Customers
Advocate for Our Customers	Reliability	GRI EU28 Average Power Outage Frequency (Distribution SAIFI) (# of interruptions per customer per year)	2019 Sustainability Report, Advocate for Our Customers
Advocate for Our Customers	Reliability	GRI EU29 Average Power Outage Duration (Transmission SAIDI) (# of hours per delivery point per year)	2019 Sustainability Report, Advocate for Our Customers
Advocate for Our Customers	Reliability	GRI EU29 Average Power Outage Frequency (Distribution SAIDI) (# of hours per customer per year)	2019 Sustainability Report, Advocate for Our Customers
Innovate and Grow the Business	Business Model Pressures	Discussion on Management Approach	2019 Sustainability Report, Innovate and Grow the Business
Innovate and Grow the Business	Business Model Pressures	GRI EU2 Net Energy Output – Transmission and Distribution (%) (input)	Hydro One does not determine the energy mix for the Province of Ontario; this is a key responsibility of the Independent Electricity System Operator (IESO) .
Our Approach to Sustainability	Governance	GRI 205-1 Discussion on Management Approach	2019 Sustainability Report, Our Approach to Sustainability , Management Approach and Governance
Our Approach to Sustainability	Governance	GRI 205-1 Operation assessed for risks related to corruption	Code of Business Conduct
Our Approach to Sustainability	Governance	GRI 205-2 Communications and training about anti-corruption policies and procedures	<ul style="list-style-type: none"> o All board of directors signed a Code of Business Compliance Form and are subject to our Code of Business Conduct. o Employees receive annual communication through our Annual Code of Business Conduct Refresher. o Business partners are subject to our Code of Business Conduct and/or the Supplier Code of Conduct. o Board of Directors must abide by our Code of Business Conduct. o As of Dec 31, 2019 7,507 employees completed the 2019 Code of Business Conduct Refresher in 2019 which includes information on our Anti-Fraud and Anti-Corruption policies.

GHD Letter of Assurance



July 28, 2020

Ms. Elise Croll
Director, Environmental Services
Hydro One Networks Inc.

Dear Ms. Croll:

Re: Independent Assurance Statement

The purpose of this letter is to clarify matters set out in the Assurance Report. It is not an Assurance Report and is not a substitute for the Assurance Report.

This letter and the verifier's Assurance Report, including the opinion(s), are addressed to you and are solely for your benefit in accordance with the terms of the contract. We consent to the release of this letter by you for inclusion in your corporate sustainability report.

In accordance with our engagement with you, and for the avoidance of doubt, we confirm that our *Verification Report: 2019 GHG Inventory report* to you (the Assurance Report) incorporated the following matters:

1. Boundaries of the reporting company covered by the Assurance Report:

Hydro One Limited, through its wholly owned subsidiaries, is Ontario's largest electricity transmission and distribution provider with approximately 1.4 million valued customers. Emissions from Hydro One Networks Inc. (Networks), Hydro One Remote Communities (Remotes), and Hydro One Telecom (Telecom) were included. Verification is completed at the corporate level.

2. Emissions data verified broken down by Scope 1, and Scope 2, with figures given:

Total Entity Wide Emissions Verified
Total Scope 1 Emissions: 163,793.85 tonnes CO₂e
Scope 2 Emissions: 156,847.23 tonnes CO₂e

3. Period covered (e.g., 12 months to DD MM YY):

The reporting period is between 01/01/19 and 31/12/19.

4. Verification standard used:

For the verification of the 2019 GHG Report, GHD has applied ISO 14064 3.

GHD Letter of Assurance

5. Assurance opinion (including level of assurance and any qualifications)

The GHG Protocol states, as a rule of thumb, an error is considered to be materially misleading if its value exceeds 5 percent of the total inventory for the part of the organization being verified". Consistent with this, and industry practice, GHD established a quantitative materiality for this verification of ± 5 percent of the total reported GHG emissions. An individual error, misrepresentation, or a series of discrete errors, omissions or misrepresentations or individual or a series of qualitative factors, when aggregated may be considered material.

The purpose of this verification was to have an independent third party assess Hydro One's 2019 GHG Report, calculations and compliance with the requirements of the ISO Standard *ISO 14064 Greenhouse gases Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions* (ISO 14064 3), the GHG Protocol and associated guidance. The verification was completed to a reasonable level of assurance.

Based on our verification, the GHG statement is, in all material aspects, in accordance with the verification criteria and is free of material misstatements.

6. Verification provider and accreditations:

VERIFICATION BODY NAME: GHD Limited

VERIFICATION BODY CONTACT: Mr. Gordon Reusing

TITLE: Principal

Accreditations: GHD is a Canadian based company accredited by the American National Standard Institute (ANSI) under ISO 14065 to provide organizational level verification services.

7. Lead verifier name and relevant accreditations/professional membership:

LEAD VERIFIER: Ms. Dana Lauder

TITLE: Project Manager

8. This letter should be prepared on the verifier's letterhead or include the signature of the lead verifier (or authorized signatory/organization responsible for issuing the Assurance Report/statement) in the box below:

