



**2022**  
**Environmental,  
Social and  
Governance  
Report**



## Message from the President and Chief Executive Officer, & Executive Vice President and Chief Human Resources & Safety Officer

As Toronto's electricity distribution company, we understand the importance of sustainability as one of our core values. In fact, sustainability is inherent in our vision to provide safe and reliable service to customers in a cost-effective and environmentally responsible manner. In 2022, we achieved exceptional results, despite the unprecedented challenges presented by the global COVID-19 pandemic and climate change. Our continued commitment to employee health and safety, as well as our mission of delivering safe, reliable and clean power to the people of Toronto, has allowed us to continue to excel in our operations.

As we enter a future that will see increased electrification and greenhouse gas (GHG) emissions reductions, part of our transformative role will include doing our part to enable decarbonization. In addition to committing to net zero Scope 1 emissions in our own operations by 2040, we filed an innovative Climate Action Plan with the City of Toronto outlining how we can support the City's TransformTO Net Zero Strategy. In 2022, City Council approved a formal mandate for Toronto Hydro to begin implementing its Climate Action Plan, including the establishment of a new Climate Advisory Services business. The intent of this business line is to facilitate reductions in GHG emissions via electrification by reducing stakeholder-identified barriers that prevent or inhibit customers from participating in the energy transition.

We continue to power transformation across the city, from supporting major transit projects to enabling fleet electrification to installing on-street charging stations (47 in total as of December 31, 2022) throughout the city, and we're proud to be recognized for these efforts. In 2022, we were named one of Canada's top 10 corporate citizens by Corporate Knights and we were named a 5-star Energy Resource Company by Canadian Occupational Safety for our strong Environmental, Social and Governance (ESG) program, measurable positive environmental and social impact, and solid health and safety policy. We continue to invest in the grid while maintaining our portion of the Delivery Charge on residential hydro bills below 2019 levels, which we expect to continue until the end of 2024.

Thanks to the hard work and dedication of our workforce, the innovative solutions and initiatives, we were able to reduce GHG emissions by 8% from 2021 (amounting to a cumulative reduction of 40% from 2018) and also achieved our best Total Recordable Injury Frequency<sup>1</sup> rate on record (0.47). We continue to look for opportunities to create a high-performing utility of the future with a focus on a net zero emissions and with the safety of our employees and community at the forefront.

As we move forward, we will continue to build a strong and diverse workforce to meet our future needs. We continue to collaborate with Electricity Canada as well as local colleges and universities to encourage and mentor women to pursue educational programs in electrical engineering fields of study, helping to develop a gender-diverse talent pipeline to fulfill our short and long-term workforce staffing and succession management requirements.

The following report highlights our 2022 performance and how our strong commitment to ESG facilitates success in all areas of the corporation. We are proud of Toronto Hydro's achievements and look forward to building on our success in the future.



A handwritten signature in black ink, appearing to read 'Anthony Haines', positioned above a thin horizontal line.

**Anthony Haines**  
President and  
Chief Executive Officer



A handwritten signature in black ink, appearing to read 'Jodi Engel', positioned above a thin horizontal line.

**Jodi Engel**  
Executive Vice President and  
Chief Human Resources &  
Safety Officer

<sup>1</sup>Total Recordable Injury Frequency calculation: (Number of Recordable Injuries x 200,000)/Exposure Hours



## Introduction

Toronto Hydro is committed to delivering safe and reliable electricity to its customers in an environmentally responsible manner at optimal costs. Five corporate pillars are at the core of Toronto Hydro's business strategy: People, Financial, Operations, Customer and Environment. The corporate pillars engrain sustainability into all aspects of the business and are aligned with Toronto Hydro's material sustainability topics.

The 2022 Environmental, Social and Governance (ESG) report highlights Toronto Hydro's commitment to sustainability through discussion of its material sustainability topics. The report has been prepared with reference to the Global Reporting Initiative (GRI) Standards and covers the calendar year ended December 31, 2022 (in alignment with Toronto Hydro's financial reporting period). Additionally, the recommendations from the Financial Stability Board's industry-led task force — the Task Force on Climate-Related Financial Disclosures (TCFD) were used to shape the content of this report. If there are any questions relating to the contents of this report, please reach out to [sustainability@torontohydro.com](mailto:sustainability@torontohydro.com).

Toronto Hydro supports the United Nations Sustainable Development Goals (SDGs) and has highlighted the areas of the report that demonstrate contribution to the achievement of these goals. The SDGs are a set of 17 global goals adopted by the United Nations to end poverty, protect the planet, and ensure peace and prosperity for all people by the year 2030.

A list of material sustainability topics has been established to ensure Toronto Hydro reports meaningful ESG information. Stakeholder engagement has been critical for determining the material topics. Specifically, Toronto Hydro has determined which topics are prioritized for inclusion in this report through a stakeholder assessment conducted in 2022. Working with a third-party consultant, Toronto Hydro gathered feedback from a variety of stakeholders, including customers, employees, executives, suppliers, community partners, academic partners and contractors. The feedback was used to identify Toronto Hydro's material sustainability topics as illustrated below.

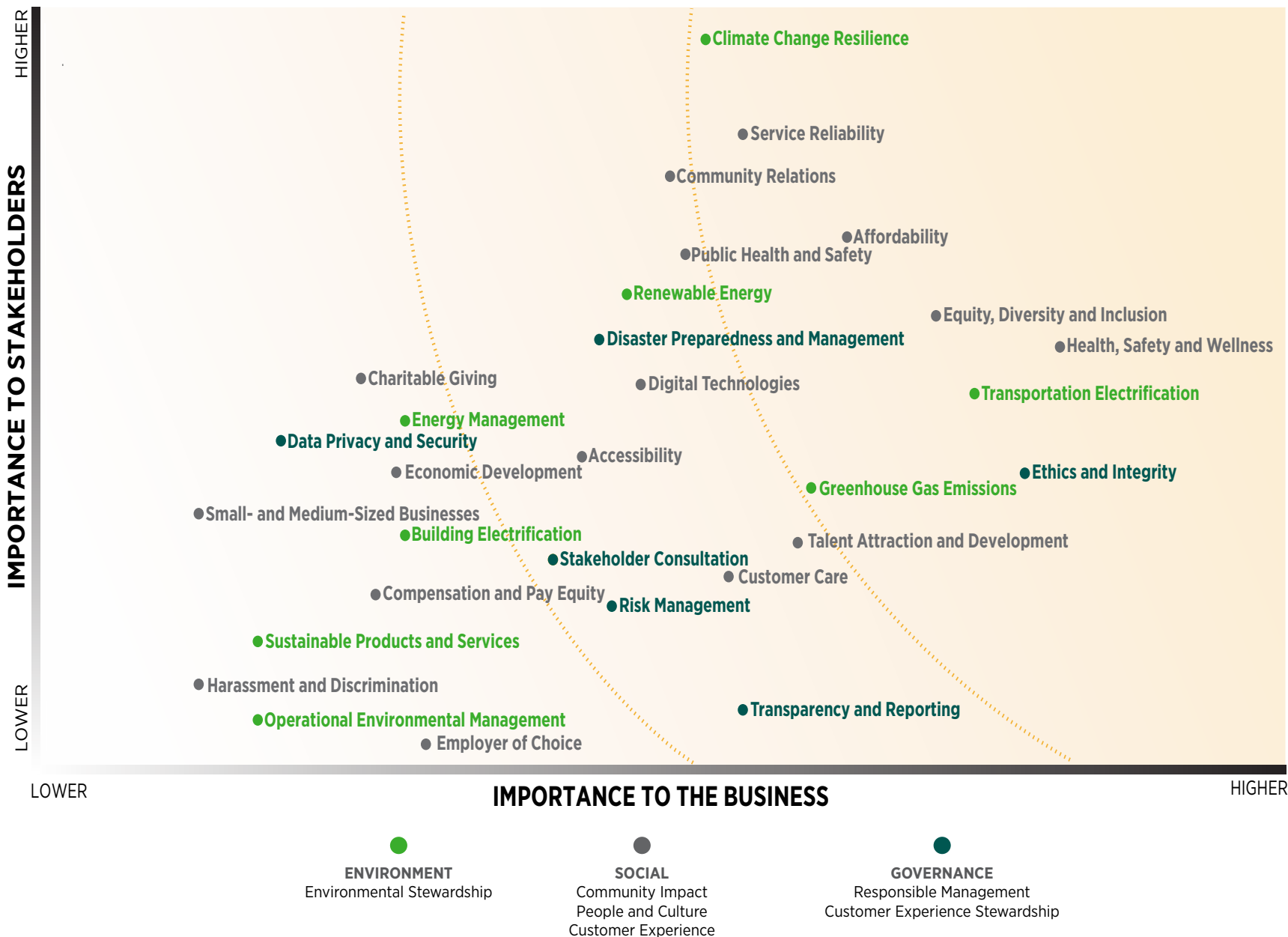
Toronto Hydro's material sustainability topics were determined to be:

- Climate Change Resilience
- Service Reliability
- Affordability
- Equity, Diversity and Inclusion
- Health, Safety and Wellness
- Transportation Electrification
- Ethics and Integrity
- Greenhouse Gas Emissions

All material topics are addressed within this report to allow stakeholders to sufficiently assess Toronto Hydro's ESG performance in 2022.



# Toronto Hydro materiality matrix – Top 30





## ABOUT TORONTO HYDRO

Company Overview

Toronto Hydro Workforce

Diversity and Equal Opportunity

Membership Associations



## About Toronto Hydro

Toronto Hydro Corporation (THC) is a holding company that wholly owns two subsidiaries: Toronto Hydro-Electric System Limited (THESL), which distributes electricity, and Toronto Hydro Energy Services Inc. (TH Energy), which provides street lighting and expressway lighting services in the City of Toronto (collectively, "Toronto Hydro" or "the Company"). The City of Toronto (the City) is the sole shareholder of THC.

### Toronto Hydro-Electric System Limited (THESL)

The principal business of Toronto Hydro is the distribution of electricity. Toronto Hydro-Electric System Limited owns and operates \$6.1 billion of Capital Assets, which refers to the sum of property, plant and equipment and intangible assets, net of accumulated depreciation and amortization. It is comprised primarily of an electricity distribution system that delivers electricity to approximately 790,000 customers (both residential and commercial) located in the city of Toronto. Electricity produced at generating stations is transmitted through transmission lines owned by Hydro One to terminal stations. From the terminal stations, the voltage is then reduced (or stepped down) to distribution-level voltages. Distribution level voltages are then distributed across Toronto Hydro's electricity distribution system to distribution class transformers, at which point the voltage is further reduced (or stepped down) for supply to end use customers. Electricity typically passes through a meter before reaching a distribution board or service panel that directs the electricity to end use customers.

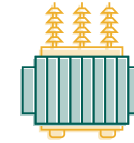
### Toronto Hydro Energy Services Inc. (TH Energy)

TH Energy provides street lighting and expressway lighting services in the city of Toronto. TH Energy owns and operates 58.3 million of Capital Assets as of December 31, 2022.

### Our customers are serviced from:



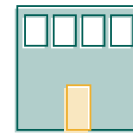
**37**  
TERMINAL  
STATIONS



**17,060\***  
PRIMARY  
SWITCHES



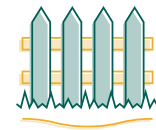
**61,300\***  
DISTRIBUTION  
TRANSFORMERS



**139**  
IN-SERVICE  
MUNICIPAL  
SUBSTATIONS



**15,393\***  
CIRCUIT  
KILOMETRES  
OF OVERHEAD  
WIRES



**13,765\***  
CIRCUIT  
KILOMETRES OF  
UNDERGROUND  
WIRES



**183,620\***  
POLES



**4**  
OPERATION  
CENTRES

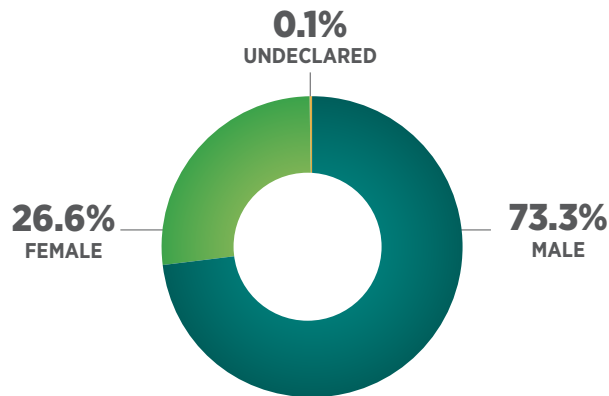


**1**  
CONTROL  
CENTRE

\*Figures are approximate (all figures above are as at December 31, 2022)

## Toronto Hydro Workforce

Toronto Hydro's workforce is made up of 1,241 permanent full-time employees; 73.3% male employees (910), 26.6% female employees (330) and 0.1% undeclared employee (1).



Of the total permanent employees, 54% are covered by collective bargaining units<sup>2</sup> (666 employees). Labour unions at Toronto Hydro include: The Power Workers' Union (PWU) and The Society of United Professionals.

The exact composition of the bargaining unit depends on the terms of the collective agreement and the nature of the work performed by the employees. Of the total unionized employees, 517 members are represented by PWU and 79 professional engineers and 70 IT professionals are represented by the Society of United Professionals.

In terms of contract employees, there are a total of 39 individuals, of which 61.5% are male (24), 35.9% are female (14), and 2.6% are undeclared (1). Toronto Hydro has 3 part-time employees who are female, representing 100% of the part-time workforce.

Overall, Toronto Hydro has a total of 1,241 permanent full-time, 39 contract, and 3 part-time permanent employees.

<sup>2</sup> The composition of the bargaining unit may change over time as a result of negotiations between the company and the union, or due to changes in the company's operations or workforce. The Power Workers' Union (PWU) collective agreements was ratified by the members in June of 2022. The duration of the agreements goes from February 1, 2022 to January 31, 2027.

## Diversity and Equal Opportunity

Since 2018, Toronto Hydro has been a signatory to Electricity Human Resources Canada's Leadership Accord on Diversity, Equity and Inclusion to affirm the organization's commitment to advance governance, education and practices that support women to both understand the opportunities available in the electricity industry and achieve equal opportunities for growth and development. In 2022, Toronto Hydro developed and implemented an unconscious bias training program and engagement events for front-line leaders. The training program and engagement events aimed to support leaders and improve the identification of unconscious bias and promote a more inclusive workplace. The program and events built on the success of an unconscious bias program for executives and senior leaders and was implemented in 2021.

Through collaborations with Electricity Canada (EC) and local colleges and universities, the focus of Toronto Hydro's continuous efforts has been on the promotion and mentorship of women to pursue educational programs in electrical engineering fields of study to avail a gender diverse talent pipeline to fulfill short and long-term workforce staffing and succession management requirements. Toronto Hydro's efforts in this area support SDG 5 — Gender Equality, which seeks to achieve gender equality and empower all women and girls.

## Membership Associations

Toronto Hydro maintains an active role in a number of associations and organizations in Canada and globally, including:

- Electricity Canada (EC), which represents the electricity industry in Canada and promotes the development and growth of the industry
- The Independent Electricity System Operator (IESO), which operates and manages the electricity market and system in the province of Ontario
- The International Council on Large Electric Systems (CIGRE), which is an international organization dedicated to promoting the exchange of technical knowledge and experience in the electric power industry
- The Ontario Energy Association (OEA), which represents the diverse range of companies and organizations involved in the energy sector in Ontario, Canada
- The Infrastructure Health & Safety Association
- The Association of Electrical Utility Safety Professionals
- Provincial Labour Management Safety Committee



## ENVIRONMENT

Climate-Related Risks and Opportunities

Scenario Analysis

Climate Action

Environmental Management

Greenhouse Gas (GHG) Emissions



## Climate-Related Risks and Opportunities

Toronto Hydro faces various climate-related risks that could impact the achievement of its strategic objectives. The enterprise-wide approach to risk management is based on an overall enterprise risk philosophy, and is achieved through a process of consolidating and aligning the various views of risk across the enterprise via a risk governance structure (refer to the Governance section of this report for more details). Climate-related risks are routinely considered in forecasting, planning and executing key aspects of the business through the Enterprise Risk Management (ERM) process, which is an integral part of the strategic management of Toronto Hydro.

Climate-related risks and opportunities are consolidated into Toronto Hydro's enterprise risks (i.e. Governance, Franchise, Oversight, Operations, Financial Risk, Safety and Compliance Risk). The following table summarizes the climate-related areas of the relevant enterprise risks and Toronto Hydro's management of the risk. It also classifies the risk as either a transition risk (i.e. risk related to the transition to a lower carbon economy) or a physical risk (i.e. risk related to the physical impacts of climate change). Finally, the table indicates the time horizon used to monitor the risk. The time horizons have been defined for the purpose of this

report as short-term (quarterly), medium-term (prior to 2029 to align with Toronto Hydro's next rate period) and long-term (2040 to align with Toronto Hydro's net-zero Scope 1 emissions 2040 target and the City of Toronto's TransformTO timelines). Action plans are monitored in the medium- and long-term, and emerging issues in the short-term.



### Risk Type: Transition

ENTERPRISE RISK	EMBEDDED CLIMATE-RELATED RISK	POTENTIAL FINANCIAL IMPACT	TIME HORIZON	TORONTO HYDRO'S MANAGEMENT OF THE RISK
<b>GOVERNANCE RISK</b>	<ul style="list-style-type: none"> <li>There is no guarantee that the City's policies, including climate change and energy policies, will align with Toronto Hydro's strategic objectives or long-term financial health</li> <li>The City may require Toronto Hydro to make additional investments in infrastructure and/or undertake activities that necessitate additional time, money and effort to be expended related to compliance with the City's TransformTO that are inconsistent with Toronto Hydro's proposed climate action plan</li> </ul>	<ul style="list-style-type: none"> <li>Early retirement of existing assets</li> <li>Increased cost to provide new services</li> <li>Increased cost of investment in infrastructure</li> </ul>	Short- to Medium-term	<ul style="list-style-type: none"> <li>Established a climate action plan (see the Climate Action section of this report for more information)</li> <li>Engage with the City representatives, City departments and agencies to review and consider the impact of directives on Toronto Hydro's ability to meet business objectives and serve customers</li> </ul>



ENTERPRISE RISK	EMBEDDED CLIMATE-RELATED RISK	POTENTIAL FINANCIAL IMPACT	TIME HORIZON	TORONTO HYDRO'S MANAGEMENT OF THE RISK
<p><b>FRANCHISE RISK</b></p>	<ul style="list-style-type: none"> <li>• New parties continue to emerge to provide customers with other sources of energy, including electricity and energy services</li> <li>• Additionally, customers have made choices to provide their own electricity or other sources of energy for their use and/or sale back into the distribution grid</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of revenue due to emerging competition</li> </ul>	<p>Short-term</p>	<ul style="list-style-type: none"> <li>• Monitoring external competitive factors and industry developments, including alternative service providers and technologies, through indicators such as customer engagements related to innovative technologies and pre-assessment requests and connection applications for energy storage</li> <li>• Enhancing the intelligence, automation and interactivity of THESL's electricity distribution grid, including utilizing developing technology and facilitating customer use of technology and business models, to support the reliability of its core infrastructure grid operations, prepare for increased electricity demand from net-zero GHG emission policies, promote greater value, and deliver solutions for its customers</li> <li>• Established a climate action plan (see the Climate Action section of this report for more information)</li> </ul>
<p><b>OVERSIGHT RISK</b></p>	<ul style="list-style-type: none"> <li>• There can be no assurance that governmental authorities will pursue net zero GHG policies that optimally utilize electrification or adequately support local distribution companies in facilitating electrification</li> <li>• Broader climate change and energy policy framework does not align with TH's business direction</li> <li>• There can be no assurance that the Ontario Energy Board (OEB) will approve and permit recovery through rates of past and future expenditures incurred by THESL in preparing for or expanding electricity distribution service to meet increased electricity demand or other requirements resulting from net zero GHG emission policies</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of revenue due to lack of regulatory or governmental support for the provision of distribution infrastructure or services facilitating electrification</li> <li>• Disallowed or limited recovery of costs</li> </ul>	<p>Short- to Medium-term</p>	<ul style="list-style-type: none"> <li>• Toronto Hydro monitors proposed regulatory, climate change and energy policy changes that may support or impede its business</li> <li>• Toronto Hydro actively engages with government entities and participates in industry organizations to monitor emerging policies and where possible, plays an advocacy role</li> <li>• THESL employs a comprehensive organizational regulatory application program, which includes a risk assessment, to ensure that all applications to the OEB achieve the highest utility standard of evidence gathering, preparation and presentation, and most accurately reflects the needs of THESL</li> </ul>
<p><b>COMPLIANCE RISK</b></p>	<ul style="list-style-type: none"> <li>• Climate change-related extreme weather events increasing federal, provincial and local regulation relating to the protection of the environment</li> </ul>	<ul style="list-style-type: none"> <li>• Fines, remediation activity expenditures cost or other incremental costs</li> </ul>	<p>Short- to Long-term</p>	<ul style="list-style-type: none"> <li>• Toronto Hydro has a Corporate Compliance program that strengthens the organization's culture of compliance</li> <li>• Commitment from leadership to provide suitable and sufficient resources for the environmental management system to ensure adherence with material compliance requirements</li> </ul>



ENTERPRISE RISK	EMBEDDED CLIMATE-RELATED RISK	POTENTIAL FINANCIAL IMPACT	TIME HORIZON	TORONTO HYDRO'S MANAGEMENT OF THE RISK
<b>OPERATIONS RISK</b>	<ul style="list-style-type: none"> <li>As a result of net zero GHG emissions policies, THESL may need to accelerate capital investments to accommodate increasing electrification</li> </ul>	<ul style="list-style-type: none"> <li>Increased investment funding requirements due to capital expenditures for system upgrades and new technologies to increase grid capacity and resilience</li> <li>Customer affordability due to need to pass along costs of increased infrastructure and operational expenditures</li> </ul>	Medium- to Long-term	<ul style="list-style-type: none"> <li>Toronto Hydro commissioned a Future Energy Scenarios study to assess the future demand for electricity under different technology, policy and consumer uptake assumptions</li> <li>Engaged in regional planning activities and processes to ensure the adequacy of the regional transmission system serving the city</li> <li>Aligning asset management system to the ISO 55001: Asset Management standard to cause the lifecycle of assets to be managed more effectively, reduce system costs and improve system visibility and reliability</li> </ul>
<b>FINANCIAL RISK</b>	<ul style="list-style-type: none"> <li>A reduction in demand for grid-supplied electricity distribution may arise from conservation measures.</li> <li>New technologies, including those related to self-generation, could reduce customer demand for grid-supplied electricity distribution</li> </ul>	<ul style="list-style-type: none"> <li>Lost revenue/higher customer rates due to reduction in delivery of electricity through the Toronto Hydro grid and reduced need to expand distribution infrastructure</li> </ul>	Medium-term	<ul style="list-style-type: none"> <li>Investing in infrastructure to modernize the grid to drive resiliency, reliability, customer effectiveness and efficiency and facilitate customer technology</li> </ul>

**Risk Type: Physical**

ENTERPRISE RISK	EMBEDDED CLIMATE-RELATED RISK	POTENTIAL FINANCIAL IMPACT	TIME HORIZON	TORONTO HYDRO'S MANAGEMENT OF THE RISK
<b>OPERATIONS RISK</b>	<ul style="list-style-type: none"> <li>Extreme weather events impacting Toronto Hydro's electricity distribution system</li> </ul>	<ul style="list-style-type: none"> <li>Increased cost to repair damaged assets</li> </ul>	Short- to Long-term	<ul style="list-style-type: none"> <li>Investing in its infrastructure to modernize the grid to drive resiliency, reliability, customer effectiveness and efficiency</li> <li>Continue to invest in the renewal of its aging infrastructure and in the development of new infrastructure to address hardening the resiliency of the distribution system against the effects of climate change</li> <li>Implemented an emergency and business continuity management program to support organizational-wide resiliency</li> <li>Implementing a strategy to achieve net zero Scope 1 GHG emissions by 2040</li> </ul>
<b>FINANCIAL RISK</b>	<ul style="list-style-type: none"> <li>Extreme weather events reducing the demand for electricity</li> </ul>	<ul style="list-style-type: none"> <li>Reduction in purchased electricity</li> </ul>	Short- to Medium-term	<ul style="list-style-type: none"> <li>Investing in its infrastructure to modernize the grid to drive resiliency, reliability, customer effectiveness and efficiency</li> </ul>
<b>SAFETY RISK</b>	<ul style="list-style-type: none"> <li>Extreme weather events impacting the safety of employees, contractors, customers and members of the public resulting from damages to Toronto Hydro assets</li> </ul>	<ul style="list-style-type: none"> <li>Fines, remediation activity expenditures or other incremental costs</li> </ul>	Short- to Medium-term	<ul style="list-style-type: none"> <li>Toronto Hydro further mitigates health and safety risks to employees, customers and members of the public through equipment inspection, replacement and maintenance, employee training, communications programs and reactive and emergency work</li> <li>"Safety by Design" principles are applied in the development of construction standards and infrastructure design practices</li> </ul>

In addition to consolidating climate-related risk within its enterprise risks, Toronto Hydro has identified significant climate-related opportunities that align with its enterprise risks.

**Opportunity Type: Transition**

ENTERPRISE RISK	EMBEDDED CLIMATE-RELATED OPPORTUNITY	POTENTIAL FINANCIAL IMPACT	TIME HORIZON	TORONTO HYDRO'S MANAGEMENT OF THE OPPORTUNITY
<b>GOVERNANCE RISK</b>	<ul style="list-style-type: none"> <li>Directives to provide new services to achieve climate objectives</li> </ul>	<ul style="list-style-type: none"> <li>Increased revenue from new services</li> </ul>	Short- to Medium-term	<ul style="list-style-type: none"> <li>Established a climate action plan (see the Climate Action section of this report for more information)</li> </ul>
<b>OVERSIGHT RISK</b>	<ul style="list-style-type: none"> <li>Government authorities pursue climate policy that optimally use electrification and support Toronto Hydro in facilitating electrification</li> </ul>	<ul style="list-style-type: none"> <li>Increased revenue from optimal use of electrification to achieve climate objectives</li> </ul>	Medium-term	<ul style="list-style-type: none"> <li>Participate in industry engagement efforts to realize opportunity in climate policy development</li> <li>Comprehensive regulatory application program to achieve approval for the modernization and asset renewal required to prepare for growth and electrification</li> </ul>
<b>FRANCHISE RISK</b>	<ul style="list-style-type: none"> <li>Necessary infrastructure investments will be made to increase the capacity and resilience of the grid to prepare for increased electrification and help achieve government net-zero GHG emissions targets</li> </ul>	<ul style="list-style-type: none"> <li>Increased funding to meet growth in electricity demand requirements</li> </ul>	Medium-term	<ul style="list-style-type: none"> <li>Toronto Hydro employs sophisticated, granular scenarios analysis based on customer preferences to support its investment planning programs at the local level</li> </ul>
<b>OPERATIONS RISK</b>	<ul style="list-style-type: none"> <li>Increased customer connections and electricity demand to support electrification (including electric vehicles and heating sources)</li> </ul>	<ul style="list-style-type: none"> <li>Increased revenue</li> </ul>	Medium- to Long-term	<ul style="list-style-type: none"> <li>Toronto Hydro employs sophisticated, granular scenarios analysis based upon customer preferences to support its investment planning programs at the local level</li> <li>Engaged in regional planning activities and processes to ensure the adequacy of the regional transmission system serving the city</li> </ul>

**Scenario Analysis**

Toronto Hydro uses advanced, detailed scenario analysis to consider consumer behaviour and preferences, and to guide its local investment planning efforts. Scenario analysis is particularly important in a world of uncertainty; scenarios are explored to ensure alternatives are in place for events that could significantly alter business as usual assumptions<sup>3</sup>.

**Future Energy Scenarios**

Toronto Hydro commissioned a **Future Energy Scenarios study to assess the future demand for electricity under different technology, policy and consumer uptake assumptions.**

<sup>3</sup> <https://www.tcfhub.org/scenario-analysis/>

## Climate change vulnerability assessment

**PURPOSE:** To perform risk assessment for the various components and areas of the distribution system that would be affected by climate change, and evaluate the vulnerability of Toronto Hydro's electrical distribution system within the city of Toronto to a changing climate by employing Engineers Canada's Public Infrastructure Engineering Vulnerability Assessment Protocol (PIEVC Protocol).

<b>SCENARIO ANALYSIS TYPE</b>	Physical-focused (Representative Concentration Pathway (RCP) 4.5 and RCP 8.5 of the International Panel on Climate Change Fifth Assessment Report), Qualitative analysis.
<b>TIMEFRAME</b>	2022 to 2050
<b>SCOPE</b>	Toronto Hydro's electrical distribution system within the city of Toronto.
<b>PROCESS</b>	<p>A "system" level approach was employed to assess the impacts of climate change on the various parts of the electrical distribution system. This approach divided the distribution system into six major asset categories: stations, feeders, communications systems, civil structures, auxiliary mechanical systems and human resources.</p> <p>Asset categories were assessed based on their general characteristics (e.g. typical, representative or common electrical or mechanical configurations, standards, equipment).</p>
<b>KEY INSIGHTS / FINDINGS</b>	The results were used to develop a roadmap on climate adaptation initiatives (such as changing the specifications for transformers in below grade vaults to require that transformers be constructed from stainless steel, a material more resistant to corrosion) and implementing procedures requiring consideration of climate risk when planning new projects.

## Climate Action

The City of Toronto has established an ambitious climate action strategy ("TransformTO Net Zero Strategy") to reduce GHG emissions within the city to net zero by 2040. Toronto Hydro is a key enabler of this strategy and has similarly committed to achieving net zero Scope 1 GHG emissions by 2040<sup>4</sup> within its own operations. Toronto Hydro's efforts to reduce the severity and impacts of climate change supports the achievement of SDG 13 – Climate Action.

## Climate Action Plan

As a clean energy leader, Toronto Hydro is committed to bold, practical climate action to support the City of Toronto's net zero vision. In 2021, Toronto Hydro submitted a Climate Action Plan (CAP) to Toronto City Council that was designed to support the city's ambitious net zero vision and focused on achieving the following three goals:

1. Delivering nationally significant GHG reductions.
2. Stimulating and facilitating the local cleantech economy.
3. Advancing social equity in Toronto.

Three specific climate action opportunities were submitted to City Council; (1) The Expanded Electricity Distributor, (2) Climate Advisory Services, and (3) Climate Capital Investments. In July 2022, City Council approved a formal mandate for Toronto Hydro to begin implementing its Climate Action Plan, including the establishment of a new Climate Advisory Services business.



<sup>4</sup> <https://www.toronto.ca/services-payments/water-environment/environmentally-friendly-city-initiatives/transformto/transformto-climate-action-strategy/>



## Climate Advisory Services

Climate Advisory Services is designed to facilitate reductions in GHG emissions via electrification by reducing stakeholder-identified barriers that prevent or inhibit customers from participating in the energy transition. Under this model, Toronto Hydro is expected to act as a trusted partner with its customers, local cleantech companies, governments and other stakeholders to help remove barriers and enable projects in Toronto that electrify transportation, electrify and enhance the energy efficiency of buildings, and build renewable generators and energy storage systems.

The CAP sets out examples of these services to customers, including to:

- Identify their situation-specific opportunities
- Help in choosing particular climate actions and timing of implementation
- Provide recommendations on potential cleantech products and services to vendors
- Assist in applying for government or institutional funding, such as grants and/or loans
- Remove barriers faced by low-income customers
- Assist with monitoring the implementation and evaluating results

Toronto Hydro is expected to provide an annual climate action status report to the City as part of its regular corporate reporting



## Environmental Management

Toronto Hydro is committed to delivering safe and reliable electricity to its customers in an environmentally responsible manner. Toronto Hydro has maintained a strong record of environmental performance for many years, continues to strive to be a sustainable electricity company, and has received recognition for its leadership in Environmental, Social and Governance (ESG), sustainability and climate adaptation.



Recognized as a Sustainable Electricity Leader™ by Electricity Canada following a comprehensive evaluation.



Certified (at three work centres) as meeting the Building Owners & Managers Association of Canada's (BOMA Canada) requirements for building environmental standards (BOMA BEST).



Named a 5-Star Energy and Resource Company in 2022 by Canadian Occupational Safety for its strong ESG program, measurable environmental and social impact, and consistent health and safety policy.



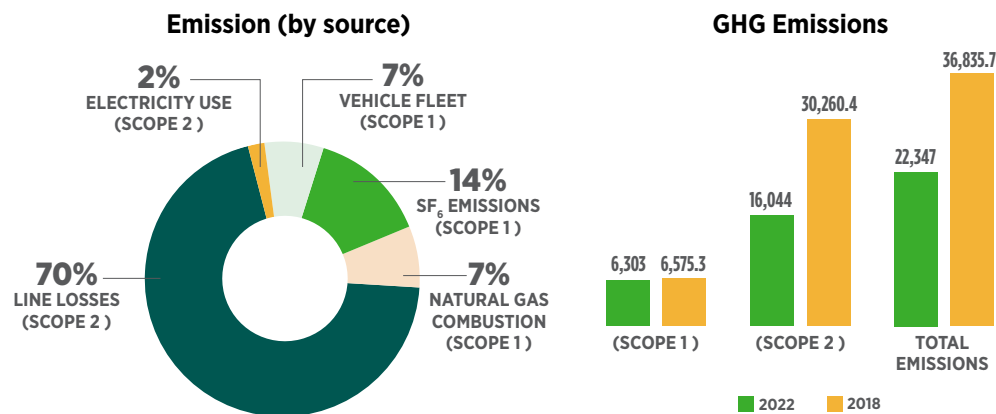
This marks the 10<sup>th</sup> consecutive year that Toronto Hydro has been certified to stringent, internationally recognized standards for environmental and occupational safety management systems by independent third-party auditors.



Recognized as ninth overall in Corporate Knights' Best 50 Corporate Citizens in Canada 2022 list and first among electricity transmission and distribution companies.

Toronto Hydro has set a target to achieve net zero Scope 1 GHG emissions by 2040 to align with the City of Toronto's TransformTO Net Zero Strategy. Toronto Hydro uses performance metrics to track progress towards net zero in relation to two of its sources of Scope 1 GHG Emissions: its work facilities and fleet. Specifically, annual targets for Building Emissions Reduction and Fleet Electrification have been established and are monitored on a monthly basis. Diligent management and corporate commitment at all levels contributed to results for both metrics that exceeded the target in 2022.

Although the Toronto Hydro Net Zero 2040 commitment is focused on Scope 1 emissions, Toronto Hydro's GHG inventory includes Scope 1 and 2 emissions in accordance with national and provincial reporting guidelines<sup>5</sup> and the GHG Protocol Corporate Accounting and Reporting Standard<sup>6</sup>. The organizational boundary includes all Toronto Hydro owned and controlled (i.e. leased) facilities. Scope 1 emissions consist of direct emissions from stationary combustion (natural gas combustion for facilities and propane combustion used for heating an aggregate storage shed), mobile combustion (fuel combustion for fleet) and fugitive sources (releases of SF<sub>6</sub> and refrigerant gases). Scope 2 emissions include indirect emissions from the use of purchased electricity (facilities and line losses). Scope 3 emissions consist of all indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions. Scope 3 emissions are not included in the Toronto Hydro GHG inventory. The emission factors used to calculate GHG emissions are published by Environment and Climate Change Canada<sup>7</sup> and are representative of Ontario's energy supply mix. GHG emissions are measured in tonnes of carbon dioxide equivalent emissions (tCO<sub>2</sub>e).



## GHG Emissions

Toronto Hydro's GHG emission sources include: Vehicle Fleet, Natural Gas Combustion, Line Losses, SF<sub>6</sub>, Electricity Use. In 2022, Toronto Hydro's total GHG emissions were 22,347 metric tonnes of carbon dioxide equivalents (tCO<sub>2</sub>e). This is a reduction of 40% in total emissions compared to the 2018 baseline year (i.e. since 2018, 14,489 tCO<sub>2</sub>e), as illustrated by the chart.

The decrease in emissions can be attributed to the following initiatives:

- Multi-year investments to replace obsolete equipment increase the efficiency of the distribution system and contribute to reduced line losses.
- Fleet-related initiatives including anti-idling technology, use of bio-diesel and use of hybrid/fully electric vehicles; this resulted in an 11% reduction in fuel use from 2021 and GHG reduction of 864 tCO<sub>2</sub>e relative to the 2018 baseline year
- Optimized scheduling heating, ventilation and air conditioning equipment through a Building Automation System for occupied and un-occupied settings
- Switching to light-emitting diode (LED) lights in work centres

Other initiatives include:

- Reduction of paper consumption by approximately 72% (compared 2022 to 2018), equating to 39 tCO<sub>2</sub>e
- In partnership with Tree Canada, Toronto Hydro enabled the planting of a tree for each customer that switched to electronic bills (eBills); 5,000 trees in total in 2022
- Employee Tree-Planting event resulted in 242 trees and shrubs planted in 2022 – a total of 5,259 trees have been planted across the City of Toronto since 2004

In 2022, nearly half of Toronto Hydro's customers — **48.3%** or more than 381,000 — opted to receive their bills electronically. This was a noticeable increase from the previous year, when **44.7%** (approximately 350,000) of customers had chosen electronic billing.

<sup>5</sup> Environment and Climate Change Canada, Technical Guidance on Reporting Greenhouse Gas Emissions, available at <http://www.ec.gc.ca>; Ontario Ministry of the Environment, Conservation and Parks, Guideline for Quantification, Reporting and Verification of Greenhouse Gas Emissions, available at <https://www.ontario.ca/page/ministry-environment-conservation-parks>.

<sup>6</sup> The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (World Resources Institute and World Business Council for Sustainable Development), available at <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>

<sup>7</sup> Emission factors published in Environment Canada's National Inventory Report 1990–2020: Greenhouse Gas Sources and Sinks in Canada.

## Spotlight: Transportation Electrification

Toronto Hydro has several initiatives and measures in place related to transportation electrification. As a utility company, Toronto Hydro is committed to promoting the adoption of electric vehicles (EVs) and supporting the growth of EV charging infrastructure and the decarbonization of transportation in Toronto. Some of the key initiatives and measures related to transportation electrification include:

**Electric Vehicle Charging Stations:** In 2022, Toronto Hydro has installed 32 new public EV charging stations throughout the city, bringing the total number of charging stations to 47. The Toronto Parking Authority will be taking responsibility for ownership and operations of the on-street charging stations in 2023.

**Workplace Charging Program:** In an effort to remove some of the barriers to EV ownership for employees, the company provides support and incentives for employees to charge their EVs at the workplace. In 2022, 10 new EV chargers were installed at the 14 Carlton location, resulting in a total of 28 chargers now available across all work locations.

**Electric Vehicle Awareness Campaigns:** During 2022, Toronto Hydro partnered with Plug'n Drive, a non-profit organization dedicated to promoting the adoption of EVs, to run an EV information and test program for Toronto Hydro employees and the public. The program spanned nine weeks and took place at three different Toronto Hydro work locations; 500 Commissioners, 715 Milner and 71 Rexdale (David M. Williams Centre). Participants had the opportunity to participate in various activities, such as EV test drives, workshops and other educational resources, with the goal of learning more about the benefits of driving an EV and how to transition from an internal combustion engine car. A total of 461 test drives were conducted across the three locations (93 at 500 Commissioners, 272 at 71 Rexdale and 96 at 715 Milner).

**Fleet Electrification:** Toronto Hydro demonstrates leadership in the electrification of transportation through an ongoing project initiated to replace light-duty vehicles in the Toronto Hydro fleet with electrified vehicles. In addition to 13 fully electric, light-duty vehicles already owned, Toronto Hydro acquired 20 hybrid light-duty vehicles in 2022, bringing the total number of hybrid vehicles in its fleet to 23.

**Toronto Transit Commission (TTC):** Supported with technical requirements for adopting electric buses, which has enabled the TTC to introduce 70 electric buses.

These initiatives and measures demonstrate Toronto Hydro's commitment to promoting the adoption of EVs and supporting the growth of the charging infrastructure in Toronto.





## SOCIAL

Occupational Health and Safety Management System

Hazard Identification, Risk Assessment and Incident Investigation

Health and Wellness

Worker Participation, Consultation and Communication

Training

Contractor Safety Management

Availability and System Reliability

Assistance Programs



## Occupational Health and Safety Management System

Toronto Hydro is committed to a safe and injury-free work environment for all employees, contractors, visitors and the public. This commitment supports SDG 8 – Decent Work and Economic Growth, which includes the promotion of safe and secure working environments for all workers. Toronto Hydro’s management approach to occupational health and safety is to meet, and where practicable, exceed legal compliance requirements, eliminate or safeguard known occupational hazards and risks, and implement opportunities for continual improvement.

It is our commitment to provide safe and healthy working conditions for the prevention of occupational injury and ill health, and continual improvement in OH&S management and performance. To achieve this, the Toronto Hydro Occupational Health & Safety Policy<sup>8</sup> establishes specific commitments to continuously monitor and improve Toronto Hydro’s Occupational Health & Safety Management System. The policy outlines Toronto Hydro’s core principles which include:

- Compliance
- Risk management
- Continual improvement
- Contractor management
- Engagement and consultation
- Incident investigation
- Communication
- Performance monitoring
- Accountability
- Wellness



The policy applies to all employees, officers and directors of Toronto Hydro Corporation, as well as contractors and visitors to Toronto Hydro facilities and sites. It is reviewed and approved annually by the Board of Directors.

Toronto Hydro manages its health and safety management system in conformance ISO 45001:2018. Toronto Hydro’s legislated occupational health and safety requirements come under provincial jurisdiction exclusively and all legislated occupational health and safety reporting requirements are complied with. Management assurance that these requirements are met is accomplished by commissioning third-party health and safety compliance audits conducted in conformance with Toronto Hydro’s environmental, health and safety audit plan. Other tools that support Toronto Hydro’s health and safety management system include: documented procedures and programs, performance monitoring (scorecards), incident investigations, training, internal audits and inspections.

In 2022, Toronto Hydro passed an external audit confirming it effectively maintained its Environment, Health and Safety (EHS) Management System in accordance with the International Organization for Standardization’s (ISO) 2018 Standard for Occupational Health and Safety Management Systems (ISO 45001:2018).

This marks the **tenth consecutive year** that Toronto Hydro has been certified to stringent, internationally recognized standards for occupational safety management systems by independent third-party auditors.

<sup>8</sup> This policy is a requirement of the Ontario Occupational Health and Safety Act and ISO45001.

## Hazard Identification, Risk Assessment and Incident Investigation

The nature of work performed at electrical utilities operations requires active and ongoing evaluation and management of health and safety risks. Toronto Hydro mitigates these risks through approaches, including:

- Implementation of robust worksite risk assessment process
- Application of safe work practices taught in training
- Proactive equipment maintenance and replacement
- Applying “Safety by Design” principles in the development of construction standards and design practices
- Developing detailed processes and procedures
- Completion of risk assessments on new products and equipment introduced for use in the distribution system

Toronto Hydro clearly defines responsibility and accountability for every workplace party at each level within the organization. All Toronto Hydro employees participate in the recognition, control and reporting of hazards.

Health and safety hazards and risks are regularly assessed at Toronto Hydro to continually improve health and safety for employees, contractors and visitors. Common hazards and risks identified<sup>9</sup> for the work performed by Toronto Hydro include:

- Contact with electrical voltage, exposure to electrical flashover or arcing
- Struck by/against public traffic/vehicles, falling objects or mobile work equipment
- Caught between, or compressed by equipment or materials while loading or unloading onto trailers or trucks
- Harassment or violence due to interacting with the public (including customers)
- Occupational exposure to infectious disease

The following programs and procedures are used to identify hazards, assess risks and implement controls based off the hierarchy of controls. If elimination of the hazard is not practical, appropriate barriers must be identified to control the hazard to an acceptable level.

<b>WORKSITE RISK ASSESSMENT (TAILBOARD)</b>	A risk assessment (Tailboard) conducted by the trained on-site leader prior to conducting all non-routine jobs. The tailboard is reviewed with all employees on the job site and any visitors. As per Electrical Utility Safety Rule 107 and CAN/ULC-S801-14 section 4
<b>EHS HAZARDS AND RISKS DATABASE</b>	A database used to quantify operations and activities that can impact health and safety. The database is reviewed annually by a cross-sectional group of employees to ensure accuracy.
<b>MANAGEMENT OF CHANGE</b>	Any changes to an existing process, activity, project or the introduction of new tools are to be reviewed to ensure hazards introduced by change are identified, analyzed and controlled prior to implementation. As per ISO14001, ISO45001
<b>AUDITS</b>	Toronto Hydro has a detailed auditing strategy to cover the EHSMS, compliance and internal audits. Audits include EHSMS External Audit (Certification and Maintenance), EHSMS Internal Audit and department-specific audits. Action plans are developed for all audit findings and non-conformances. Non-conformances identified through audits allow Toronto Hydro to continually improve the safety system, assess trends to highlight process changes as well as assess the effectiveness of the management system. As per O. Reg. 22/04, ISO14001, ISO45001
<b>INSPECTIONS</b>	Completed by leaders; inspections allow leaders to connect with and listen to the safety concerns of their employees, identify hazards, determine underlying causes and collaborate with employees to eliminate hazards or control the risk.
<b>SAFETY CONCERN REPORTING</b>	A process to enhance the Internal Responsibility System (IRS) by providing a documented method for an employee to raise an occupational health and safety concern that they believe has not been adequately addressed through normal communication channels with their manager.

<sup>9</sup> Hazards identified in annual workshop and documented in ‘EHS Hazards and Risks Database’



## Actions taken to reduce or eliminate hazards and minimize risks in 2022

- **Electronic Worksite Risk Assessment (eTailboard)** — The eTailboard improves the quality of the job planning process by providing easy access for field staff to reference safety-related programs, procedures and legislation. It also improves focus on critical tasks, emergency response plans and the communication of job steps, hazards and barriers to all members of the crew.
- **Safety Leadership Inspections** — 15,468 inspections were completed in 2022. Top inspection forms used in 2022 include: Working from Home Safely, Worksite Risk Assessment (etailboard), PPE, Work Centre COVID-19, Office Ergonomics, and Worksite Set up. Inspections allow leaders to connect with and listen to the safety concerns of their employees, identify hazards, determine underlying causes and collaborate with employees to eliminate hazards or control the risk.
- **Pandemic Response Plan**
- **Implemented annual audit plan, including completion of eight operational control audits and two external audits**
- **Leadership Development training**
- **Initiated implementation of insulated rubber sleeves and insulated tools for operations**
- **Implemented targeted plan to improve motor vehicle safety; leveraged Geotab software to monitor driver behaviour: speeding, harsh breaking and seatbelt use**
- **Simulated Defensive Driving course**
- **Implemented targeted multi-step plan to improve apprentice safety**
- **Updated Contractor Safety Management Program to increase oversight on the environment, health and safety of contractors**
- **Implementation action plan aimed at improving psychological health and safety**



## Incident Investigations

All incidents are investigated to identify causation (apparent, contributory and root cause), and to develop and implement corrective actions to prevent recurrence of the incident. Corrective actions address the identified root cause and contributing factors, and if implemented and sustained, will control the hazard. Risk Assessments are completed for corrective actions to verify that the new action, if implemented as intended, will not introduce a new uncontrolled occupational health and safety risk or environmental impact. Trending incidents support continual improvement in Toronto Hydro's EHSMS.

### Increase in Near Miss Reporting

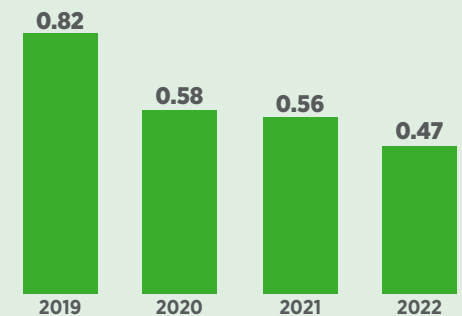
Near miss incidents present an opportunity to investigate potentially dangerous situations before an injury occurs. In order to be investigated, near miss incidents must be reported. All reported near miss incidents are investigated at Toronto Hydro. This speaks to Toronto Hydro's commitment to identify hazards and develop a strong safety culture.

### Spotlight: Total Recordable Injury Frequency (TRIF)

Despite the ongoing COVID-19 pandemic in 2022, the TRIF rate was 0.47 recordable injuries per 200,000 hours worked, which was the most successful performance on record and 16% better than the previous year and 57% better than target.

As per Electricity Canada (EC), a recordable injury is any occupational injury/illness that results in an employee experiencing: fatality, lost-time injury, medical treatment injury, loss of consciousness or restricted work injury.

#### Total Recordable Injury Frequency Rate



## Health and Wellness

Toronto Hydro protects the health of its employees in their work environment and promotes employee well-being. Occupational Health Services support the identification and reduction or elimination of hazards and minimization of risk and through:

**Biological Monitoring:** Employees are monitored for exposure to potential hazards in the workplace. This includes blood lead levels, pulmonary function and x-ray surveillance of designated substances<sup>10</sup> (such as lead or asbestos). Pre-placement examinations, routine monitoring and exit medical examinations are conducted and the results are reviewed by an occupational physician. All testing related to designated substances is conducted in accordance with the Code for Medical Surveillance for Designated Substances (Ministry of Labour, Immigration, Training and Skills Development of Ontario).

**Infectious Disease Plan:** The Infectious Disease Plan establishes protocols required to implement in case of an infectious communicable disease outbreak to maintain the health and safety of employees and mitigate the spread of infectious disease through the Toronto Hydro workforce. Toronto Hydro did not experience any workplace transmission of COVID-19 through 2022.

**Respiratory Protection:** Toronto Hydro employees are trained on respiratory protection, fit-tested for approved respirators and provided with approved respiratory protection to protect from occupational exposure to airborne contaminants. Fit-testing and re-training is completed every two years (or earlier if required). In order to determine the presence of respiratory hazards and to assist in the selection of an appropriate respirator, hazard assessments are completed in different work areas. The nature of the hazard is determined following section 6 of the Hazard Assessment of CSA Z94.4-18.

**Ergonomics:** Toronto Hydro's Ergonomics Program is intended to minimize or eliminate the exposure of ergonomic risk factors (i.e. factors known to be associated with musculoskeletal disorders). All Toronto Hydro employees are required to complete ergonomics training every three years. Ergonomic inspections (both office and field) are completed by leaders as part of their monthly inspections to proactively identify and address any hazards or risks. If required, formal ergonomic assessments are completed by a qualified safety professional.

**Early and Safe Return to Work Program:** Toronto Hydro recognizes early intervention is integral in reducing negative long-term effects of injury/illness on employees. The ESRTW Program is a proactive way to help injured/ill employees return to safe, suitable and productive work activities in a safe and

timely manner. All employee health information obtained by the internal Toronto Hydro Health Services team is kept confidential and employee cases are handled in an objective manner in accordance with reporting obligations under Workplace Safety and Insurance Act (WSIA) and Occupational Health and Safety Act (OHSa).

**Psychological Health and Safety:** As part of ongoing commitment to improving mental health in the workplace, a gap analysis of Toronto Hydro's current health and safety management system, policies, procedures and programs against the National Standard for Canadian Standards Association (CSA) Psychological Health and Safety in the Workplace (CSA-Z1003) was completed by a third-party consultant. Employees throughout the organization were engaged for their perspectives and insights into our current processes. In 2022, Toronto Hydro emphasized employee resiliency through the development of material and communications presented to employees during monthly team meetings. An online training module was also developed to introduce Psychological Health and Safety concepts to all employees.

### Promotion of worker health

#### COVID-19 Vaccine and Flu Clinic

In 2022, Toronto Hydro offered COVID-19 Vaccine Booster Clinics and Flu Clinics at all work centres. In total, 154 employees were vaccinated with the COVID-19 booster and 186 employees for the flu.

#### Employee and Family Assistance Program (EFAP) Services (24/7 access)

- Confidential counselling support by phone, video, in person or online
- Online articles, tools and resources supporting health and wellness
- Parenting and family care support, financial and legal advisory services
- Depression and trauma care

#### Virtual Care Service (24/7 access)

Access to primary care providers through mobile and web applications. The service enables employees to get prescriptions, general medical advice, laboratory requisitions and specialist referrals online.

#### Monthly Wellness Messaging

Examples include: Heart Health, Cancer Awareness, Sun Safety & Skin Cancer, Eye Health, Resiliency, Osteoporosis & Seasonal Affective Disorder.

<sup>10</sup> A "designated substance" is defined in OHSa as "a biological, chemical or physical agent or combination thereof prescribed as a designated substance to which the exposure of a worker is prohibited, regulated, restricted, limited or controlled".

## Worker Participation, Consultation and Communication

### Joint Health and Safety Committees (JHSC)

The Joint Health and Safety Committees have both Union and Management representation; together they are committed to improving the health and safety conditions of the workplace. Committee members inspect the workplace at least once a month and meet quarterly at a minimum to discuss issues, share observations from inspections and make recommendations to improve overall health and safety. The names of JHSC members are posted on Toronto Hydro's intranet site and at all the work centres.

### Communication on Occupational Health and Safety

Effective communication is a core component of the Toronto Hydro EHS Management. Toronto Hydro ensures relevant information on occupational health and safety is communicated to employees. The following communication channels are used to ensure that employees have the information they need to continue working safely:

**EHS Orientation for New Hires:** An introduction to key components of Toronto Hydro's occupational, health and safety management system as part of employee's onboarding.

**Document Release Notifications:** All new or updated documents require a release notification. The notification is sent to all affected employees by their managers.

**Safety Meetings:** Monthly (operational) or quarterly (office) meeting to review: recent incidents and findings, procedure/process updates, introduction of new tools and recent safety trends.

**Daily Huddles:** At the beginning of the day, field crews meet with their managers to review safety/environmental issues, lessons learned from previous day, tasks for the day, materials/tools required and task-related weather impacts, as well as to address any questions or concerns.

**Communication Boards:** Located at all work centres, the communication boards (power station boards) provide employees with information regarding organizational updates, policies and EHS Bulletins.

## Training

Toronto Hydro offers a wide range of instructor-led and self-led web-based training. Training includes role-specific training, legislative requirements, company specific policies, apprenticeship program, as well as company wide and personal development training. Some key training programs include:

- Utility Work Protection Code
- Effective Inspections and Investigations
- Contractor Safety Management
- Ergonomics
- First Aid
- Bucket/Confined Space Rescue
- Worksite Setup Book 7
- Working at Heights

There are processes in place to develop and nurture good leadership practices through education and training that encourage the application of Toronto Hydro's corporate values, including health and safety. Toronto Hydro has developed sessions to develop leaders' skills and further their capabilities. Sessions include:

- Communication Essentials
- Difficult Conversations and Feedback
- Change Management
- Inspiring and Motivating
- Coaching
- Personal Effectiveness

A training risk assessment is completed for each role at Toronto Hydro to determine training requirements. New training opportunities may be identified through audits, hazard risk assessments, legislative change reviews, and/or opportunities identified for continual improvement.



In 2022, there was a total of **41,749** hours of training and development averaging

## Spotlight — Virtual Reality (VR)

In July 2022, Toronto Hydro introduced a VR training module for crew members that focuses on the PMH-9 (Pad-Mounted Gear) Vault Switchgear operations and repair. The VR training is designed to provide crews with a realistic, interactive simulation of what it would feel like to safely repair and operate this equipment with their team in the field without being exposed to the many hazards associated with performing this task in the actual field environment. Specifically, this VR training allows users to experience what it would be like to:

- Off-load equipment and tools from their truck
- Safely prepare a work area
- Safely and correctly interact and familiarize with necessary tools to open a transformer
- Repair and operate equipment
- Ensure worksite is cleaned up and ready to for the public

Additionally, this training offers a multi-player experience, allowing teams to collaborate with each other within the simulation.

The purpose of this initiative is to implement a solution that can:

- Provide an immersive, safe and user-friendly training experience
- Provide real-time assessment, feedback and collection of granular input data
- Allow content creation for any training needs, in areas such as switch training, sustainability, diversity and inclusion, safety training, and other technical training





## Contractor Safety Management

Contractor Safety Management is one of the core principles in Toronto Hydro's Occupational Health and Safety Policy. All contractors must be pre-qualified by being evaluated as meeting minimum environment and health and safety requirements as defined by Toronto Hydro. All contractors are evaluated on: EHS performance statistics, EHS management programs specific to the work that will be performed, assured compliance, insurance and training.

To ensure compliance with legislation, terms of contract, and Toronto Hydro policies and procedures, inspections and audits are performed regularly for contractors throughout the term of their contract. Contractors are held accountable for safety incidents, regardless of outcome and associated non-conformances that occur while working for Toronto Hydro.

To ensure contractors working for Toronto Hydro have the most up-to-date and relevant information, contractor management software is used to communicate relevant bulletins, updates to Toronto Hydro policies and required procedures and processes. Pre-job meetings and safety meetings are held with contractors to ensure contractors have all the information they need to continue working safely.

## Availability and System Reliability

Toronto Hydro is committed to delivering excellent customer service, providing a safe and reliable supply of electricity, and delivering long-term value to the City of Toronto.

### Investing in the Grid — Capital Expenditure Plan

Toronto Hydro's 2020-2024 capital plan continues the utility's effort to renew a significant backlog of deteriorated and obsolete assets at risk of failure, and to adapt to the continuously evolving challenge of serving and operating within a dense, mature and growing major city. Efforts to date have resulted in gradual improvements to reliability, the overall age of the system and other performance indicators.



Despite these indicators of progress, investing in the short-term performance and long-term viability of an aged, deteriorated and highly utilized system remains an urgent priority for the utility. Recent extreme weather events, accompanied by growing evidence of the impact of climate change on weather patterns in Toronto, have amplified this need, underscoring the challenge to build a resilient system for the long-term. At the same time, technology and innovation are driving a more dynamic system that's transitioning away from the usual patterns of supply and demand, adding additional complexity and urgency to the challenge of modernizing the grid, which in turn is driving investment needs in information technology and cyber security solutions.

## Preventive Asset Maintenance and Vegetation Management

Toronto Hydro conducts proactive inspections and maintenance work to help mitigate a wide variety of risks. The maintenance and inspection tasks that Toronto Hydro conducts on its equipment and assets, and their frequencies, were established using an engineering analysis framework called Reliability Centred Maintenance (RCM). At the heart of this framework is an emphasis on safe operations (from the perspective of both work crews and the public), environmental protection, compliance and equipment reliability.

**Asset Maintenance and Inspections:** Transformers are inspected at regular intervals to gather information about their condition and to help reduce the number of equipment failures. Information gathered through inspections has been used to develop a plan for the removal and replacement of transformers through 2024.

**Vegetation Management:** Tree pruning is conducted in accordance with the City's Urban Forestry Tree Pruning Guidelines. In 2022, Toronto Hydro pruned approximately 70,920 trees that were adjacent to distribution lines in a manner that minimizes injury to the trees but helps improve system reliability. These vegetation management practices help protect the system against inclement weather by removing vulnerable sections of the tree canopy that may break during high winds or from the accumulation of ice and snow. When trees adjacent to a distribution line are pruned, adjacent distribution lines are expected to experience a reduction in the number of tree-caused power outages.

## Disaster Preparedness Management Program (DPM)

In addition to increasing the physical resiliency of the grid to the impacts of extreme weather events, Toronto Hydro continues to develop its DPM program to improve disaster/emergency response outcomes. The DPM program involves continued implementation of a comprehensive and industry-leading disaster readiness program that:

- Enhances Toronto Hydro's ability to plan for and operate during a large-scale emergency and/or disaster
- Ensures effective communication with customers and external stakeholders in anticipation of, during and following an incident
- Minimizes the impacts of disaster-related disruptions on Toronto Hydro's customers and operations

## Emergency Management & Business Continuity

Toronto Hydro's Emergency Management & Business Continuity (EM&BC) team is the custodian of the DPM program and is responsible for:

1. Designing, developing, implementing, sustaining and enhancing the DPM program in the face of a changing risk environment in the city of Toronto, which includes:
  - Employee emergency response readiness
  - Facility/system emergency response readiness
  - Stakeholder relationship management
2. Coordinating program activities and aligning emergency management and business continuity activities both internally and with external stakeholders (e.g. the City's Office of Emergency Management, Hydro One, the IESO etc.).
3. Promoting a culture of resilience at Toronto Hydro.





## Employee Emergency Response Readiness

Training and emergency exercises are critical for ensuring Toronto Hydro is ready to respond to an emergency. The EM&BC team has made it a priority to integrate Ontario's Incident Management System emergency response methodology into the company's Emergency Response Organization (ERO) framework.

All employees at Toronto Hydro are assigned emergency roles that correspond to pre-assigned training curricula in the Learning Management System (LMS). The LMS-based training is complemented by exercises for select emergency roles (based on the complexity of the role). Training data is captured and updated on a monthly basis through the EM&BC Emergency Role Readiness Key Performance Indicator to ensure that minimum training thresholds are continually met.

The ERO framework has been tested through real-life scenarios, which has allowed Toronto Hydro to improve response and recovery efforts. In 2022, the EM&BC team continued to test Toronto Hydro's response capabilities through real-time response to the COVID-19 pandemic, the May Derecho Storm and the December Winter Storm.

In 2022, Toronto Hydro developed and approved the Business Continuity Management (BCM) program framework and multi-year rollout plan. The program was expanded to all operations departments. Software was implemented to streamline the BCM process by facilitating the effective identification and mitigation of risks relating to departmental business continuity functions. The project was aligned with an IT Disaster Recovery program.



## Spotlight — Utility Partner Relationship Management

Restoring power after a major storm is a complex task, and speedy restoration requires significant logistical expertise, along with skilled line workers and specialized equipment. Electric companies affected by significant outages often turn to the industry's mutual assistance network — a voluntary partnership of electric companies from across the country — to help speed up restoration. In 2022, Toronto Hydro provided mutual aid to Hydro Ottawa after the May Derecho Storm. The storm resulted in severe damages and numerous power outages to thousands of residents. Toronto Hydro employees supported in the re-building and installation of over 20 km of overhead wire spanning over 80 poles, across three different worksites.

Mutual assistance is an essential part of the electric power industry's service restoration process and contingency planning. The mutual assistance network is a cornerstone of electric utility operations during emergencies<sup>11</sup>. Toronto Hydro is a member of three major mutual assistance groups:

- Ontario Mutual Assistance Group (OnMAG)
- North Atlantic Mutual Assistance Group (NAMAG)
- Canadian Mutual Assistance Group (CanMAG)



<sup>11</sup> <https://www.eei.org/issues-and-policy/reliability-emergency-response>



## Assistance programs

Toronto Hydro offers several assistance programs for customers who are facing financial difficulties and may have trouble paying their energy bills. Some of these programs include:

- 1. Emergency Energy Fund (EFF):** Low-income Toronto residents may qualify for help from the city of Toronto with energy-related emergencies to reconnect, prevent disconnection or to assist in the payment of energy arrears for hydro services. Eligible customers must have received a disconnection notice or have already been disconnected, or have energy arrears and do not have enough money to pay them.
- 2. Ontario Electricity Support Program (OESP):** OESP is an OEB program that lowers electricity bills for lower-income households. The OESP provides a monthly credit to eligible customers based on household income and household size. The OESP credits are applied directly to eligible customers' bills.
- 3. The Low-Income Energy Assistance Program (LEAP):** LEAP is a grant program to assist eligible low-income customers with their bill payments and electricity costs.
- 4. The Equal Payment Plan:** This program helps customers by spreading their energy costs evenly over the course of a year.  
  
Customers' annual electricity costs are spread evenly so they pay the same amount each month. Toronto Hydro estimates how much electricity they will use for the upcoming year and divide that amount into equal monthly payments. Once a year, their account is reconciled.  
  
Any overpayment or underpayment is applied to their next bill. If Toronto Hydro's annual reconciliation shows that they owe an amount equal to or exceeding their average monthly bill, Toronto Hydro will recover the balance over the following year's equal monthly payments.
- 5. The Arrears Payment Plan:** The OEB prescribed Arrears Payment Agreement (APA) is available to any residential or general service < 50 kW customer who is unable to pay their outstanding electricity charges and meets the eligibility criteria. Terms of the APA are based on customer class and arrears balance in comparison with the customer's monthly average bill.

- 6. Temporary Disconnection:** Eligible low-income customers qualify for one free temporary disconnection per rolling year (a period of 12 consecutive months). Residential customers are deemed eligible low-income customers if they applied for and received approval for LEAP or OESP. Any additional isolations requested within this 12-month period will be charged to customers at the regular rates.
- 7. Energy Affordability Program (EAP):** EAP provides free home energy-efficient upgrades. Qualifying customers could receive LED light bulbs, power bars, insulation and more. These upgrades improve home comfort and help to lower customer's electricity bills.



## GOVERNANCE

### Governance Structure

### Ethics and Integrity

### Risk Management

Toronto Hydro Corporation's Board of Directors ("the Board") and management team are committed to a high standard of governance. The corporate structure is designed to foster transparent, informed and effective decision-making, with consistent monitoring of compliance and performance. This structure ensures accountability at all levels, as well as oversight and alignment with Toronto Hydro's long-term strategy.



## Governance Structure

Toronto Hydro's governance structure is comprised of three key levels:

1. Board of Directors
2. Executive Team
3. Senior Leadership Team

### Board of Directors

Directors are appointed to the Board every two years by the City of Toronto (Toronto Hydro's Shareholder). Toronto Hydro Corporation provides a 'Board Skills/Competencies Matrix' to the Shareholder as guidance and as a tool to be employed in the selection of Director candidates. In appointing Directors, the Shareholder shall give due regard to the qualifications of the candidates including, among other considerations, experience or knowledge with respect to environmental matters, occupational health and safety issues, urban energy industries, legal and regulatory compliance and stakeholder engagement.

The Board is responsible for overseeing the identification of the principal risks of the business and implementation of appropriate systems to manage these risks. Toronto Hydro's ERM process brings a systematic and disciplined approach towards identifying, evaluating, treating, monitoring and reporting risks applicable to Toronto Hydro.

The Board maintains a general understanding of Toronto Hydro's risk profile, the risk categories and the types of risks, including climate-related risks, to which Toronto Hydro may be exposed, and the practices used to identify, assess, measure and manage those risks. The risk profile is a list of key areas that may impede Toronto Hydro from achieving certain or all of its strategic objectives, and which are most material to its operational success. The Board reviews Toronto Hydro's risk philosophy on an annual basis and is responsible for approving any new enterprise risk areas.

Toronto Hydro's Board approves corporate metrics, including building emissions reduction and fleet electrification, and regularly monitors progress towards the achievement of the corporate metrics. The Human Resources and Environment Committee of the Board is responsible for reviewing and approving the parameters of collective bargaining negotiations, the oversight of health and safety related matters and processes, and the oversight of environmental and climate change-related matters. ESG Performance report and activities are also regularly provided to the Human Resources and Environment Committee. Toronto Hydro's Board receives updates on Toronto Hydro's ESG performance through the

Human Resources and Environment Committee of the Board: This includes updates on performance on climate change metrics, targets and progress towards Toronto Hydro ESG-related goals, including those that are climate-related.

### Executive Team

The executive team ensures systems are in place to identify, manage and monitor risks and trends. Through input from the business and other considerations, the executive team assesses the appropriateness and consistent application of systems to manage risks, including climate-related risks, within Toronto Hydro. The executive team also ensures that key risks are brought to the attention of the Board for discussion and action as required.

The executive team reports progress on corporate metrics to the Board on a quarterly basis through the corporate scorecard. Executive officers are eligible for performance-based incentive compensation when the company achieves its corporate performance objectives. Performance objectives are established and serve to encourage success and continual improvement in both the executive officers' performance and Toronto Hydro's overall results.

Beginning in 2022, Toronto Hydro developed two new metrics aimed at managing climate-related risks and opportunities: Building Emissions Reduction and Fleet Electrification. Two of the largest controllable sources of GHG emissions at Toronto Hydro are the buildings and vehicle fleet. The new metrics are expected to support Toronto Hydro's target of net-zero Scope 1 GHG emissions by 2040.

### Senior Leadership Team

The senior leadership team supports the executive team and is comprised of subject matter experts from across Toronto Hydro who actively engage in the day-to-day management of risks. Members of the senior leadership team have been assigned to be the designated responsible person for managing and reporting on enterprise risks, including climate-related risks. Working with the executive team, the senior leadership team oversees Toronto Hydro's risk profile and its performance against the defined risk philosophy.

This group understands changes in risk status and trends, identifies potential opportunities, and determines responses and action plans that are then implemented by the organization. They also work to ensure effective, efficient, complete and transparent risk reporting to the executive team.



## Ethics and Integrity

As a reputable utility organization delivering electricity distribution and energy services to the city of Toronto, Toronto Hydro always strives to be a responsible business enterprise and corporate citizen, with strong and shared commitments to our stakeholders. The strategic pillars include:

**PEOPLE:** Ensure a healthy and safe environment, enhance diversity, equity and inclusion, optimize processes and invest in employee capabilities and engage employees through purposeful work.

**FINANCIAL:** Meet the financial objectives of our shareholder and continue to increase shareholder value.

**OPERATIONS:** Improve reliability through optimal and sustainable system and build a grid that supports a modern city.

**CUSTOMER:** Provide added value and efficient services through various channels, proactive and data-driven response to all customer segments, utilize technology and analytics to meet customer's information needs and make it easy for customers to interact and transact with us.

**ENVIRONMENT:** Advance as a sustainable electricity company, reduce our environmental footprint and enable our customers to be part of the shift to a sustainable economy.

The Code of Business Conduct and Whistleblower Procedure (the "Code") was originally implemented in 2003, and is reviewed, revised and approved by the Board periodically. It sets out the basic principles on how Toronto Hydro and Toronto Hydro's employees should conduct business activities to reach our business goals and fulfill commitments to our stakeholders. The Code establishes principles to govern conduct in some general areas that pose ethical and legal concerns, and the appropriate channels for obtaining guidance and reporting violations.



All Toronto Hydro employees, officers and directors are expected to exercise honesty and integrity in all duties, and live up to the commitments listed in the Code.

The Code provides for the appointment of an Ethics Officer and establishes a direct hotline to the Ethics Officer by which perceived violations of the principles set out in the Code may be reported, anonymously or otherwise. Where the complaint involves the conduct of a Director or Officer of Toronto Hydro, the Ethics Officer is required to report it to the Chair of the Human Resources and Environment Committee of the Board, or, where such conduct relates to questionable auditing or accounting matters, to the Chair of the Audit Committee of the Board, who oversees the investigation of that complaint. In addition to the provisions of the Code, the Ethics Officer reports quarterly to the Human Resources and Environment Committee of the Board on the nature of complaints received and the Director, Internal Audit and Compliance reports quarterly to the Audit Committee on matters related to audit and accounting.

All employees, officers and directors of Toronto Hydro are required to complete training with respect of the Code and sign an attestation in accordance with the Code upon commencement of employment and regularly thereafter. Policies are included in new employee orientation, training programs and are available on intranet and communication boards at every work centre. Contractors are also required to attest to the review of all applicable Toronto Hydro policies.

All Toronto Hydro employees, officers and directors must adhere to and actively support the principles and standards described in the Code and adhere to the standards set out in applicable policies, guidelines and legislation. Management is responsible for ensuring that no retaliatory action will be taken against anyone who, in good faith, made a report regarding an ethical or legal concern or violation; lawfully provided information or assistance in an investigation regarding any conduct that may involve a violation of securities laws or fraud; filed, testified, participated in or otherwise assisted in a proceeding relating to a potential violation of applicable securities laws or fraud; provided a law enforcement officer with truthful information regarding the commission or possible commission of an offence or, provided assistance to the Ethics Officer, the Board of Directors, management or any other person involved in the investigation of a report.

Toronto Hydro complies as is necessary with any and all applicable legislative whistleblower protections, including but not limited to under securities legislation.

## TO OUR EMPLOYEES

**We are committed to workplace safety and treating all employees with dignity and respect.**

- We share responsibility for creating a safe and healthy work environment and preventing unsafe conditions and injuries. We are expected to come to work fit for duty, work safely and identify, report and, where appropriate, correct, safety hazards
- We foster a work environment where employees have opportunities for professional development, are treated with dignity and respect, and are recognized for their contributions to Toronto Hydro and its customers. We do not tolerate discrimination or any form of harassment, including sexual harassment, or violence. We do not tolerate any form of compulsory labour or child labour

Toronto Hydro's commitment to eliminating discriminatory practices, thereby promoting equal opportunities, supports SDG 10 — Reduced Inequalities.



## TO OUR CUSTOMERS AND OTHER BUSINESS PARTNERS

**We are committed to being fair and honest.**

- Treat our business partners courteously, respectfully, and in a professional and helpful manner
- Commit only to what we honestly believe we can deliver
- Honour the commitments we make
- Protect any information shared with us on a confidential basis by a business partner
- Do not release customer information to any third party without proper authorization from the customer or Toronto Hydro management
- Do not attempt to improperly influence the decisions of existing or potential business partners or attempt to secure preferential treatment for Toronto Hydro by offering gifts, entertainment or benefits which we ourselves would not be able to accept
- Do not use our position at Toronto Hydro to obtain personal favours or special consideration for ourselves, our family members, close personal friends or associates
- Select our suppliers objectively, based on fairness and the long-term best interests of Toronto Hydro
- Conduct business only with reputable persons whose conduct aligns with this Code



## TO THE COMMUNITIES WHERE WE OPERATE

**We are committed to protecting the environment and enhancing quality of life.**

- Understand the environmental impact of our activities and treat the environment as an integral factor in all of our decisions
- Conduct our operations in a manner that protects the safety of the community
- Recycle materials and strive to conserve resources to the extent possible consistent with sound business operations
- Report immediately any environmental mishaps
- Be open about, and accountable for our environmental performance
- Strive to find business partners who conduct their business in an environmentally responsible manner
- Support health, education, and environmental initiatives
- Support and work with voluntary and charitable organizations that respond to community needs
- Get involved in, and work with the community to assist in solving community problems
- Encourage our employees to contribute to their communities through involvement with community service and charitable and professional organizations. However, employees must consider whether their activities could pose a conflict of interest or adversely affect their performance of duties for Toronto Hydro, and should only use Toronto Hydro time or resources for such activities with the prior approval of management
- Encourage, support and seek partnerships with organizations that need our help, whether they be schools or social service organizations
- Involve local communities in decision-making for issues that affect them

Policy commitments publicly available: [torontohydro.com/about-us/governance](https://torontohydro.com/about-us/governance)

Toronto Hydro also has policies and has implemented standards and practices that serve to protect the natural environment, aligned with the precautionary principle, (i.e. where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation). For example, where the environmental impact of a release of oil is unknown, Toronto Hydro's spill response and reporting procedures require employees act with an abundance of caution when establishing and implementing a plan to remediate the release.



## Risk Management

### Identifying and assessing risks

Toronto Hydro's ERM framework utilizes industry best practices and international guidelines tailored to meet Toronto Hydro's circumstances, and focuses on identifying emerging trends in risks and related opportunities particular to Toronto Hydro through a comprehensive evaluation of Toronto Hydro's business and the industry generally. Toronto Hydro views ERM as a management activity undertaken to add value and improve overall operations and has made it an important part of its decision-making processes. The ERM framework helps Toronto Hydro by enabling the attainment of its strategic goals and objectives through a systematic, disciplined approach towards identifying, evaluating, treating, monitoring and reporting risks, including climate-related risks.

The ERM framework is operationalized by a consistent and disciplined methodology that clearly defines the risk management process and which incorporates judgment of subject matter experts within Toronto Hydro, risk quantification, risk trends and risk interdependencies. The risk criteria used to assess each enterprise risk relates to: reputational, financial, stakeholder management, distribution system, information system, compliance, occupational health and safety, and public safety impacts.

### Managing climate-related risks

Climate-related risks are consolidated into Toronto Hydro's enterprise risks. Toronto Hydro has assigned a designated responsible member of senior management for each enterprise risk to ensure that such risks are being monitored and managed. Additionally, Toronto Hydro's risk governance structure includes internal coordination efforts to align outreach to key external stakeholders, both from a strategic and consistency perspective, to help reduce risks and identify opportunities for engagement.

Internal ERM professionals meet regularly with the designated responsible persons to gather and review risk indicators and trends, and identify potential emerging facts that could impact Toronto Hydro, augment other risks or curtail opportunities. Such risk management processes and tools help Toronto Hydro prioritize its mitigation efforts, strengthen its planning efforts and identify areas for improvement.



The management of climate related-risks is also one the core principles of Toronto Hydro's Environmental Policy. Specifically, Toronto Hydro is committed to the mitigation of the potential adverse effects of climate change and other environmental conditions on the organization. Toronto Hydro is also committed to taking action to eliminate or reduce, as far as practicable.

Toronto Hydro manages its environmental aspects in conformance with ISO 14001:2015 and conducts annual third-party audits to maintain certification. Toronto Hydro actively participates in industry engagement efforts in order to discuss and share best practices, identify and mitigate risks, including climate-related risks, and realize potential opportunities in regulatory, climate change and energy policy development. Through these types of engagements, Toronto Hydro monitors proposed regulatory, climate change and energy policy changes that may support or impede its business.

Toronto Hydro has implemented various initiatives aimed at improving the system's resiliency to increasingly frequent extreme weather events caused by climate change. These initiatives include updating major equipment specifications, revising planning guidelines, reviewing the load forecast impacts, revising design practices, and enhancing maintenance programs. Toronto Hydro has also implemented a disaster preparedness management program to prepare for and respond to major threats to operations such as the COVID-19 pandemic and major power outage events such as the May Derecho Storm in 2022.

As the municipal electricity distribution company serving the largest city in Canada, Toronto Hydro continues to invest in the renewal of existing ageing infrastructure and in the development of new infrastructure to address safety, reliability, hardening of the distribution system against the effects of climate change, and customer service requirements now and in the future. Toronto Hydro is also focused on enhancing the intelligence, automation and interactivity of Toronto Hydro's electricity distribution grid to support the reliability of its core infrastructure grid operations, prepare for increased electricity demand from net zero GHG emission policies, promote greater value, and deliver solutions for its customers.



## GRI Index

GRI STANDARD	GRI DISCLOSURE	PAGE #	ADDITIONAL INFORMATION
<b>GRI 2 — GENERAL DISCLOSURES</b>	2-1 Organizational details	6	
	2-2 Entities included in the organization's sustainability reporting	6	
	2-3 Reporting period, frequency and contact point	6	Report Publication Date: April 22, 2023. Please send questions about this report to: <a href="mailto:sustainability@torontohydro.com">sustainability@torontohydro.com</a>
	2-4 Restatements of information		None
	2-6 Activities, value chain and other business relationships	6	
	2-7 Employees	7	
	2-9 Governance structure and composition	28	
	2-10 Nomination and selection of the highest governance body	28	
	2-11 Chair of the highest governance body		<a href="https://www.torontohydro.com/about-us/leadership">https://www.torontohydro.com/about-us/leadership</a>
	2-12 Role of the highest governance body in overseeing the management of impacts	29	
	2-13 Delegation of responsibility for managing impacts	29	
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	2-15 Conflicts of interest	31	2022 Annual Information Form Annex B
	2-16 Communication of critical concerns	30	
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	2-20 Process to determine remuneration	29, 37	2022 Annual Information Form pg 66-67
	2-22 Statement on sustainable development strategy	2	
	2-23 Policy commitments	30	
	2-24 Embedding policy commitments	30	
	2-25 Processes to remediate negative impacts	30	
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2-30 Collective bargaining agreements	7		

## GRI Index

GRI STANDARD	GRI DISCLOSURE	PAGE #	ADDITIONAL INFORMATION
<b>GRI 3 – MATERIAL TOPICS DISCLOSURES</b>	3-1 Process to determine material topics	3	
	3-2 List of material topics	3	
<b>GRI 201 – ECONOMIC PERFORMANCE TOPICS DISCLOSURES</b>	201-2 – Financial implications and other risks and opportunities due to climate change	9-12	
<b>GRI-305 – EMISSIONS</b>	305-1 – Direct (Scope 1) GHG emissions	15, 36	
	305-2 – Energy indirect (Scope 2) GHG emissions	15, 36	
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<b>GRI 403 – OCCUPATIONAL HEALTH AND SAFETY</b>	403-1 Occupational health and safety management system	18	
	403-2 Hazard identification, risk assessment and incident investigation	19	
	403-3 Occupational health services	21	
	403-4 Worker participation, consultation and communication on occupational health and safety	22	
	403-5 Worker training on occupational health and safety	22	
	403-6 Promotion of worker health	21	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	21	
	403-8 Workers covered by an occupational health and safety management system	18	
<b>GRI 405 – DIVERSITY AND EQUAL OPPORTUNITY</b>	405-1 Diversity of governance bodies and employees	7, 37	

## TCFD Index

GRI STANDARD	GRI DISCLOSURE	PAGE
<b>GOVERNANCE</b> Disclose the organization's governance around climate-related risks and opportunities.	a) Describe the Board's oversight of climate-related risks and opportunities.	29
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	29
<b>STRATEGY</b> Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organization has identified over the short-, medium- and long-term.	9-12
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	9-12
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	12-13
<b>RISK MANAGEMENT</b> Disclose how the organization identifies, assesses and manages climate-related risks.	a) Describe the organization's processes for identifying and assessing climate-related risks.	32
	b) Describe the organization's processes for managing climate-related risks.	32
	c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	32
<b>METRIC AND TARGETS</b> Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	15, 36-37
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	15, 36-37
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	15



## Appendix A – ESG Metrics Summary

### ABOUT US

<b>COMPANY NAME</b>	Toronto Hydro Corporation
<b>COUNTRY</b>	Canada
<b>GICS INDUSTRY</b>	Electric Utilities

### FINANCIAL

Additional information relating to the Corporation, including financial information provided in the Annual Information Form, Consolidated Financial Statements and Management's Discussion and Analysis, is available on the SEDAR website at [sedar.com](https://www.sedar.com).

FINANCIAL	2022	2021	2020
<b>Energy Use (GJ)</b>	102,913	103,799	108,823
<b>Renewable Energy Use (GJ)</b>	16,726	19,598	18,543
<b>GHG Emissions (metric tonnes CO<sub>2</sub>) – Scope 1</b>	6,066	5,747	5,306
<b>GHG Emissions (metric tonnes CO<sub>2</sub>) – Scope 2</b>	16,035	18,494	19,278
<b>VOC Emissions (metric tonnes)</b>	0.11	0.10	0.10
<b>NOX Emissions (metric tonnes)</b>	2.65	2.53	2.59
<b>SOX Emissions (metric tonnes)</b>	0.10	0.10	0.10
<b>Total Particulate Matter Emissions (metric tonnes)</b>	0.05	0.05	0.05
<b>Water Use (m3)</b>	18,648	15,657	16,236
<b>Waste Generated (metric tonnes)</b>	3,463	3,655	3,272
<b>Waste Recycled (metric tonnes)</b>	3,202	3,343	2,956
<b>Significant Spills*</b>	4 (approx. 1,461 litres total)	6 (approx. 975 litres total)	7 (approx. 1,140 litres total)

\*Toronto Hydro is required to report significant spills to land (petroleum-based spills ≥500 L) and water (petroleum-based spills ≥100 L) annually to Electricity Canada (formerly the Canadian Electricity Association).

SOCIAL	2022	2021	2020
<b>HEALTH AND SAFETY</b>			
<b>Lost Time Injury Frequency Rate (200,000 hrs)</b>	0.16	0.24	0.22
<b>Total Recordable Injury Frequency Rate (200,000 hrs)</b>	0.47	0.56	0.58
<b>Days Away, Restricted or Transferred Rate (200,000 hrs)</b>	13.33	23.80	29.37
<b>Fatalities</b>	0	0	1

## Appendix A — ESG Metrics Summary

SOCIAL	2022	2021	2020
<b>EMPLOYEE TURNOVER</b>			
<b>Employee Turnover, includes voluntary turnover of full-time, permanent employees (%)</b>	9.68	5.78	3.17
<b>Under 30 (%)</b>	2.94	2.22	0.59
<b>30 to 50 (%)</b>	6.22	3.40	3.40
<b>Over 50 (%)</b>	0.50	0.16	0.52
<b>Male (%)</b>	6.06	3.80	2.14
<b>Female (%)</b>	3.62	1.98	1.03
<b>NEW HIRES</b>			
<b>Under 30 (#)</b>	115	87	44
<b>30 to 50 (#)</b>	81	54	37
<b>Over 50 (#)</b>	6	2	2
<b>Male (#)</b>	129	102	57
<b>Female (#)</b>	72	41	26
<b>Undeclared (#)</b>	1	-	-
<b>PAY EQUITY</b>			
<b>CEO to Employee Pay Ratio</b>	8.4 to 1	8.2 to 1	7.6 to 1
<b>LEADERSHIP DIVERSITY</b>			
<b>Women Board of Directors (%)</b>	40.0	30.8	33.3
<b>Women in Executive Management (%)</b>	66.7	33.3	66.7
<b>PENSION</b>			
<b>Defined Benefit Pension Plan Contributions (CAD\$)</b>	16,700,000	16,200,000	17,700,000
<b>GRID RESILIENCY</b>			
<b>System Average Interruption Duration Index (hrs)</b>	0.97	0.99	0.97
<b>System Average Interruption Frequency Index (hrs)</b>	1.63	1.55	1.62
<b>Customer Average Interruption Duration Index (hrs)</b>	0.59	0.64	0.60

### Disclaimer

The information in these materials is based on information currently available to Toronto Hydro Corporation and its affiliates (together hereinafter referred to as "Toronto Hydro"), and is provided for information purposes only. Toronto Hydro does not warrant the accuracy, reliability, completeness or timeliness of the information and undertakes no obligation to revise or update these materials. Toronto Hydro (including its directors, officers, employees, agents and subcontractors) hereby waives any and all liability for damages of whatever kind and nature which may occur or be suffered as a result of the use of these materials or reliance on the information therein. These materials may also contain forward-looking information within the meaning of applicable securities laws in Canada ("Forward-Looking Information"). The purpose of the Forward-Looking Information is to provide Toronto Hydro's expectations about future results of operations, performance, business prospects and opportunities and may not be appropriate for other purposes. All Forward-Looking Information is given pursuant to the "safe harbour" provisions of applicable Canadian securities legislation. The words "anticipates", "believes", "could", "estimates", "expects", "forecasts", "may", "might", "plans", "projects", "will", "would" and similar expressions are often intended to identify Forward-Looking Information, although not all Forward-Looking Information contains these identifying words. The Forward-Looking Information reflects the current beliefs of, and is based on information currently available to, Toronto Hydro's management. The Forward-Looking Information in these materials includes, but is not limited to, statements regarding Toronto Hydro's future net-zero goals, environmental targets and opportunities. The Forward-Looking Information is subject to risks, uncertainties and other factors that could cause actual results to differ materially from historical results or results anticipated by the Forward-Looking Information. The factors which could cause results or events to differ from current expectations are discussed in sections entitled "Forward-Looking Information" and "Risk Factors" in Toronto Hydro Corporation's annual information form ("AIF") and the sections entitled "Forward-Looking Information" and "Risk Management and Risk Factors" in Toronto Hydro Corporation's management's discussion and analysis ("MD&A"), which are available electronically at [www.sedar.com](http://www.sedar.com). Toronto Hydro cautions that this list of factors is not exclusive. All Forward-Looking Information in these materials is qualified in its entirety by the above cautionary statements and, except as required by law, Toronto Hydro undertakes no obligation to revise or update any Forward-Looking Information as a result of new information, future events or otherwise after the date hereof.



\*A registered trademark of Toronto Hydro Corporation used under licence.