

Forced Labour in Canadian Supply Chains – Toronto Hydro

Toronto Hydro’s Statement Against Modern Slavery

Toronto Hydro is committed to workplace safety and treating all employees with dignity and respect. 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.

This report (“Report”) is made pursuant to the Canadian *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”) for the following entities (together, the reporting entities, “Toronto Hydro” or the “Company”):

- a) Toronto Hydro Corporation (“THC” or “the Corporation”); and
- b) Toronto Hydro-Electric System Limited (“THESL”).

This Report covers the financial year ended December 31, 2025 (“Reporting Period”).

Structure, Activities and Supply Chain

Structure

The Corporation is a holding company which wholly owns two subsidiaries (Figure 1: Toronto Hydro Corporate Organization Chart):

- **THESL** – distributes electricity; and
- **Toronto Hydro Energy Services Inc. (“TH Energy”)** – provides street lighting and expressway lighting services in the city of Toronto (“the city” or “Toronto”). Note that TH Energy is not an entity or government institution as defined under the Act as it does not produce, import, or export goods independently and does not meet the applicable financial thresholds set out in the Act.

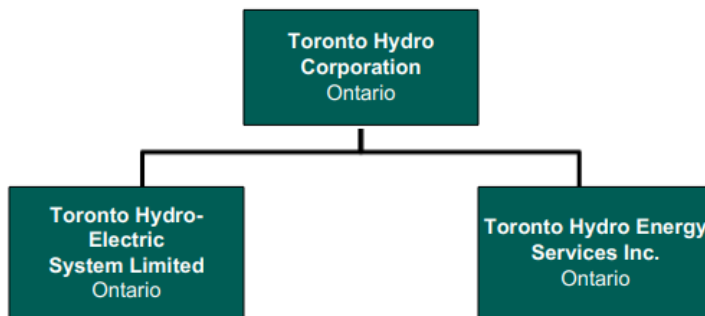


Figure 1: Toronto Hydro Corporate Organization Chart

The Corporation supervises the operations of, and provides corporate, management services and strategic direction to its subsidiaries. The sole shareholder of the Corporation is the City of Toronto (the “City”).

As of December 31, 2025, THC (together with its subsidiaries) had approximately 1,410 employees. Included in Toronto Hydro’s employees are 508 members of bargaining units represented by Power Workers’ Union and 98 professional engineers and 75 information technology (IT) professionals represented by the Society of United Professionals.

The City has adopted the Shareholder Direction that sets out corporate governance principles with respect to Toronto Hydro. The Shareholder Direction requires Toronto Hydro to conduct its affairs and govern its operations in accordance with such rules, policies, directives or objectives as directed by City Council from time to time, subject to Toronto Hydro’s requirements under law. Toronto Hydro’s Board of Directors has put in place a system of corporate governance that

fulfils the requirements of applicable provincial legislation and Canadian securities rules and meets best practices for regulated utilities. As part of its ongoing commitment to corporate governance, the Board operates in accordance with a written mandate, and the Board committees operate in accordance with written charters, which are all reviewed and approved by the Board of Directors.

The Sustainable Corporate Governance committee of the Board is responsible for considering and making recommendations to the Board with respect to matters relating to government relations and public policy, sustainability-related matters, and the corporate governance of Toronto Hydro. The committee oversees sustainability-related program governance and performance, and sustainability matters.

THC's executive team is comprised of the Executive Vice-President and Chief Financial Officer and Executive Vice-President and Chief Strategy and Regulatory Officer, both of whom are accountable to the President and Chief Executive Officer ("CEO") of THC. The CEO of THC is also the President and CEO of the THESL and of TH Energy. For details on THESL's executive management team, please refer to torontohydro.com/about-us/leadership.

Activities

The electricity industry in the province of Ontario is generally comprised of three principal segments:

- Generation – the production of electricity at generating stations using nuclear, natural gas, hydro, solar, wind, biofuel or other sources of energy;
- transmission – the transfer of electricity from generating stations to local areas using large, high-voltage powerlines; and
- distribution – the delivery of electricity to homes and businesses within local area using relatively low-voltage powerlines.

The following diagram illustrates the basic structure of an electricity infrastructure system:

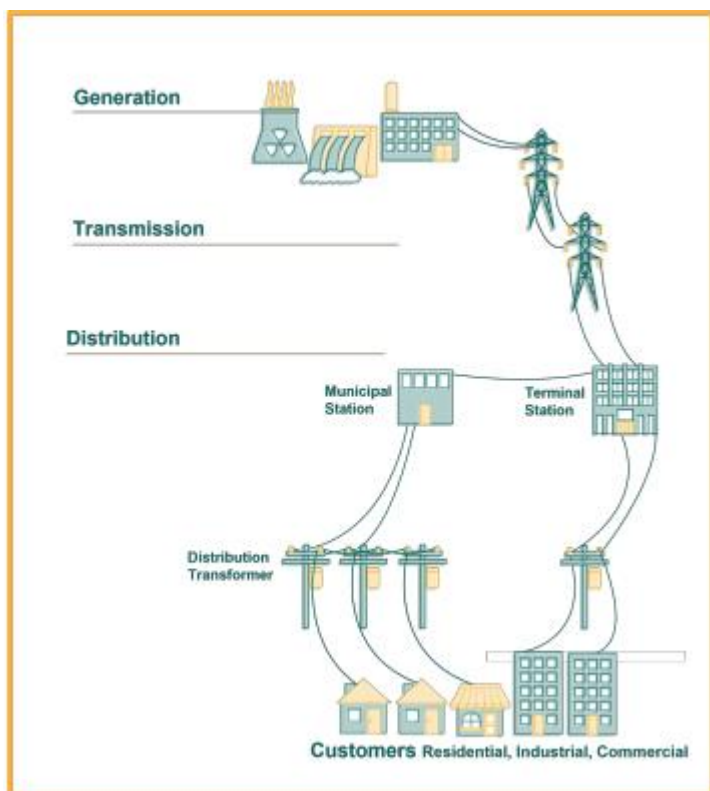


Figure 2: Basic structure of an electricity infrastructure system

The principal business of Toronto Hydro is the distribution of electricity by THESL. THESL owns and operates \$7.7 billion of capital assets comprised primarily of an electricity distribution system that delivers electricity and related services to more than three million people and businesses across 797,000 metered connection points located within the city of Toronto. THESL serves the largest city in Canada and distributes approximately 18% of the electricity consumed in Ontario. Toronto Hydro's mandate is to provide safe, reliable, and cost-effective delivery of electricity to the residents and businesses in Toronto, under a license issued by Ontario Energy Board ("OEB"). The business of THESL and other electricity distributors is regulated by the OEB, which has broad powers relating to licensing, standards of conduct and service, the regulation of electricity distribution rates charged by THESL and other electricity distributors, and transmission rates charged by Hydro One Limited and other transmitters.

Electricity produced at generating stations is transmitted through transmission lines owned by third parties to terminal stations, at which point the voltage is reduced (or stepped down) to distribution-level voltages. Distribution-level voltages are then distributed across THESL's electricity distribution system to distribution class transformers, at which point the voltage is further reduced for supply to end-use customers. Electricity typically passes through a meter before reaching a distribution board or service panel that directs electricity to end-use customers (and their circuits).

Toronto Hydro purchases finished products or electricity distribution equipment ("Equipment") that it then uses to assemble according to its own engineered designs to provide the service of electricity. The importation of goods for operations is what deems Toronto Hydro an entity as per the Act.

Supply Chain

Toronto Hydro's supply chain team oversees all procurement activities for Toronto Hydro, which includes: purchasing goods and services, vendor selection, contract administration, vendor performance management, inventory control and contractor prequalification.

Supply Chain Mission and Approach

Toronto Hydro's Procurement Policy objectives include:

- Efficient procurement at most favourable acquisition cost
- Promotes the use of competition in selecting suppliers and contractors
- Provides for the fair and equitable treatment of all suppliers and contractors
- Provides safeguards for maintaining the quality and integrity of the procurement system
- Ensures suppliers meet or exceed Toronto Hydro's quality, safety and environmental requirements
- Ensure all procurement is made in compliance with regulatory requirements and applicable laws

Toronto Hydro utilizes a diverse set of contractors and suppliers through its rigorous procurement practices and monitors market conditions closely. A dedicated team is responsible for facilitating the timely and cost-effective procurement of services, materials and equipment.

Goods and Services

Toronto Hydro does not directly manufacture the goods utilized within its distribution system. Instead, all products are acquired from various suppliers. Toronto Hydro also purchases services. The products and services purchased range

from energy infrastructure materials to IT services and hardware. In 2025, Toronto Hydro procured approximately \$956 million in goods and services.

Policies and Due Diligence Processes

Internal Processes

Toronto Hydro strives to be a responsible business enterprise and corporate citizen, with strong and shared commitments to our stakeholders. Toronto Hydro fosters a safe and healthy work environment where employees have opportunities for professional development, are treated with dignity and respect, and are recognized for their contributions. As per the Code of Business Conduct and the Whistleblower Policy, Toronto Hydro does not tolerate discrimination of any form or harassment, including sexual harassment or violence, and compulsory labour or child labour.

Toronto Hydro complies with all applicable provincial and federal laws and regulations as a minimum standard. All employees acting on behalf of Toronto Hydro are expected to comply with this commitment and all related Company policies, including:

- Employment Standards Act 2000;
- Labour Relations Act, 1995;
- Personal Information Protection and Electronic Documents Act (Canada), 2000;
- Ontario Human Rights Code, R.S.O. 1990;
- Occupational Health and Safety Act R.S.O. 1990 (“OHSA”); and
- internal codes, policies and guidelines.

Code of Business Conduct and Whistleblower Policy (“the Code”): Sets forth the basic principles of business conduct that Toronto Hydro expects its employees, officers and directors are to follow. It is expected that all exercise honesty and integrity in all duties and live up to the commitments to society and to stakeholders.

Workplace Anti-Discrimination Policy: Affirms Toronto Hydro’s commitment to creating and maintaining respect for human rights, and fostering equality and inclusion.

Workplace Harassment Policy and Program: Affirms Toronto Hydro’s commitment to the maintenance and promotion of a safe and respectful workplace environment free from any and all forms of harassment, including sexual harassment.

Occupational Health and Safety Policy: Assists in achieving the following business objectives:

- Prevent injury and ill health of employees, contractors and visitors
- Continual improvement of Occupational Health and Safety (“OH&S”) management and performance
- Compliance with internal health and safety requirements, applicable legislation, and other requirements to which Toronto Hydro subscribes
- Ensuring appropriate actions are taken to meet Toronto Hydro’s OH&S goals, by establishing responsibilities for all required actions as well as entrenching objectively assessable verifications
- Ensuring all employees are aware of workplace hazards and risks relevant to their position and that effective barriers and measures are in place to either eliminate hazards or reduce risks
- Ensuring that industry best practices are adopted where practicable and that these practices are effectively communicated to the appropriate workplace parties

- Taking every reasonable action to improve the overall health and safety culture of our organization
- Educate, motivate and empower employees to enhance their physical and mental health
- Promotion of wellness
- Ongoing identification and reduction of OH&S risks
- Engagement of employees in OH&S activities

Procurement Standard: Provides direction and guidance in the evaluation of potential new suppliers and the performance of existing suppliers to ensure chosen goods have the lowest environmental and social impact. This includes the consideration of social factors, such as human rights policies, fair operating practices, corporate governance, anti-corruption policies, code of conduct and support of the local economy.

Work Standards Policy: Outlines how hours and location of work are managed and administered for employees. This includes, but is not limited to, requirements and/or principles of: hours of work, such as core hours, shift work, and disconnection periods; overtime; standby; and location of work. This policy ensures compliance with relevant collective agreements, laws, and regulations and establishes control that ensure fair treatment of employees across Toronto Hydro while meeting operational objectives.

Recruitment and Selection Policy: Toronto Hydro is committed to promoting and enforcing recruitment, selection, and promotion processes that are based on principles of equality, diversity, and inclusion, as well as its obligations under Ontario's Human Rights Code and the Accessibility for Ontarians with Disabilities Act, 2005. Toronto Hydro's recruitment, selection and promotion processes Ontario law, the collective agreements, and the processes outlined in the Work Standards Policy.

Due Diligence Processes with Suppliers and Contractors

Toronto Hydro utilizes a diverse set of contractors and suppliers through its rigorous procurement practices and monitors market conditions closely. A dedicated team is responsible for facilitating the timely and cost-effective procurement of services, materials and equipment.

A competitive bidding process for the selection and screening of vendors is an integral part of the Toronto Hydro's Procurement Policy and central to improving environmental performance in Toronto Hydro's supply chain. In accordance with ISO 26000:2010 and following the Procurement Standard, Toronto Hydro's request for proposal (RFP) process requires responses to the following:

- Does your organization have policies and/or procedures related to the following: organizational governance, human rights, labour practices, fair operating practices, consumer issues, and community involvement and development?
- Provide all policies and/or procedures related to the above
- Do any of your operations occur in non-OECD (Organisation for Economic Co-operation and Development) jurisdictions?
- Indicate in which jurisdictions you operate
- Provide all standards, policies and/or procedures related to human rights standards applicable to those jurisdictions

Vendors awarded contracts are required to comply with all rules and direction of Toronto Hydro, whether specific to contract agreement or otherwise, while working on Toronto Hydro's premises, distribution system or accessing or connecting to Toronto Hydro's information technology systems, including rules and directions concerning health, safety, security and environmental protection including but not limited to: the Code, Social Media and Digital Communication

Policy, Accessibility Policy, Workplace Harassment Policy and Program, Violence Prevention in the Workplace Policy, Environmental Policy, Physical Security Policy, Occupational Health and Safety Policy, Privacy Policy, External Supplier Access to Application Services and Affiliate Relationships Code of Electricity Distributors and Transmitters issued by the OEB. The vendor, upon signing a contract with Toronto Hydro, agrees to comply with the foregoing and to direct its representatives to comply as well.

Risk Areas

Internal Risks

The United Nations Global Compact Business and Human Rights Navigators, states that while forced labour is present in many industries, the 2022 International Labour Organization (ILO) [report](#) suggests that the sectors where it is most prevalent include services, construction, agriculture, domestic work and manufacturing.¹ The utilities sector has not been identified as a high-risk industry. Toronto Hydro has implemented measures to prevent and mitigate risks from upstream activities, as outlined on page 8 under the Steps Taken to Prevent and Reduce Risks of Forced Labour and Child Labour section.

To Toronto Hydro's knowledge, and in view of the internal policies and procedures described in previous sections of this Report, Toronto Hydro is not aware of any parts of the reporting entities' business — and the business of the entities which the entities own or control — that could potentially cause, contribute to or be directly or indirectly linked to an actual or potential risk of forced labour or child labour. All of Toronto Hydro's employees are adults residing in Canada. All Toronto Hydro employees are subject to Ontario and Canadian laws and regulations which prohibit forced labour and child labour.

External Risks

Toronto Hydro purchases finished products or electricity distribution equipment ("Equipment") that it then uses to assemble according to its own engineered designs to provide the service of electricity. The Equipment and the assemblies of the Equipment must be specifically designed to meet three main considerations:

- 1) Unprotected or exposed electricity is dangerous to everyone and anything that is near it.
- 2) Electricity is a necessary service that every resident, business — commercial and industrial customer connected to the electricity system — relies on.
- 3) The system is installed and operates in the public domain, overhead along the streets, highways and underground beneath the streets and houses.

In order to deliver a safe, reliable system that will withstand the outside environment in which it is situated for many decades, the majority of the equipment utilized is designed to an industry specification and must meet performance tests as per an industry standard, such as those developed by the CSA Group. As a step that further demonstrates due diligence in ensuring safe and reliable electricity distribution, all equipment used in the Toronto Hydro's system is approved for use by a Professional Engineer as per Ontario Regulation 22/04, which includes an annual audit on the approval process. In addition, Toronto Hydro has established its own set of Standard Design Practices. Therefore, production of electricity distribution equipment requires high quality and precision, which is achieved with a manufacturing sector that has high skill, training and labour rates. As such, the electricity sector is not prone to forced labour or child labour.

¹ https://www.ilo.org/global/topics/forced-labour/publications/WCMS_854733/lang--en/index.htm

Contractor Risks

Toronto Hydro engages a diverse set of contractors for services such as; construction, IT, engineering, etc. As a condition of their contractual relationship with Toronto Hydro, contractors are required to comply with applicable Canadian and Ontario laws and regulations, including those prohibiting forced and child labour, as well as Toronto Hydro's policies, procedures and procurement requirements. In addition, Toronto Hydro has a rigorous competitive procurement process that aims to ensure contractors are in compliance with applicable laws and Toronto Hydro's policies, procedures and processes before commencing work with Toronto Hydro. The competitive procurement process involves evaluating contractors on their sustainability and health and safety practices. This includes requesting documentation and evidence on policies and procedures (e.g., sustainability report, human rights policies, code of conduct); evaluating contractors using a sustainability, health and safety questionnaire; and requiring contractors to enrol in contractor safety management software to assess their compliance with required policies, procedures and performance statistics. Once the contract is awarded, ongoing compliance is managed by the supply chain team and the contract administrator from the business unit that requested and approved the contractor. This is done through formal and informal performance evaluations, safety meetings, inspections, audits, and continuous monitoring using the contractor safety management software.

Geographical Risks

The company strives to prioritize local procurement whenever feasible to reduce geographic forced labour and child labour risk. Figure 3² illustrates the percentage of goods purchased locally. Approximately 98% of Toronto Hydro's procurement spend is with suppliers based in Canada, while 1% of spend is with suppliers based in United States, and 0.3% spend in the rest of the world.³

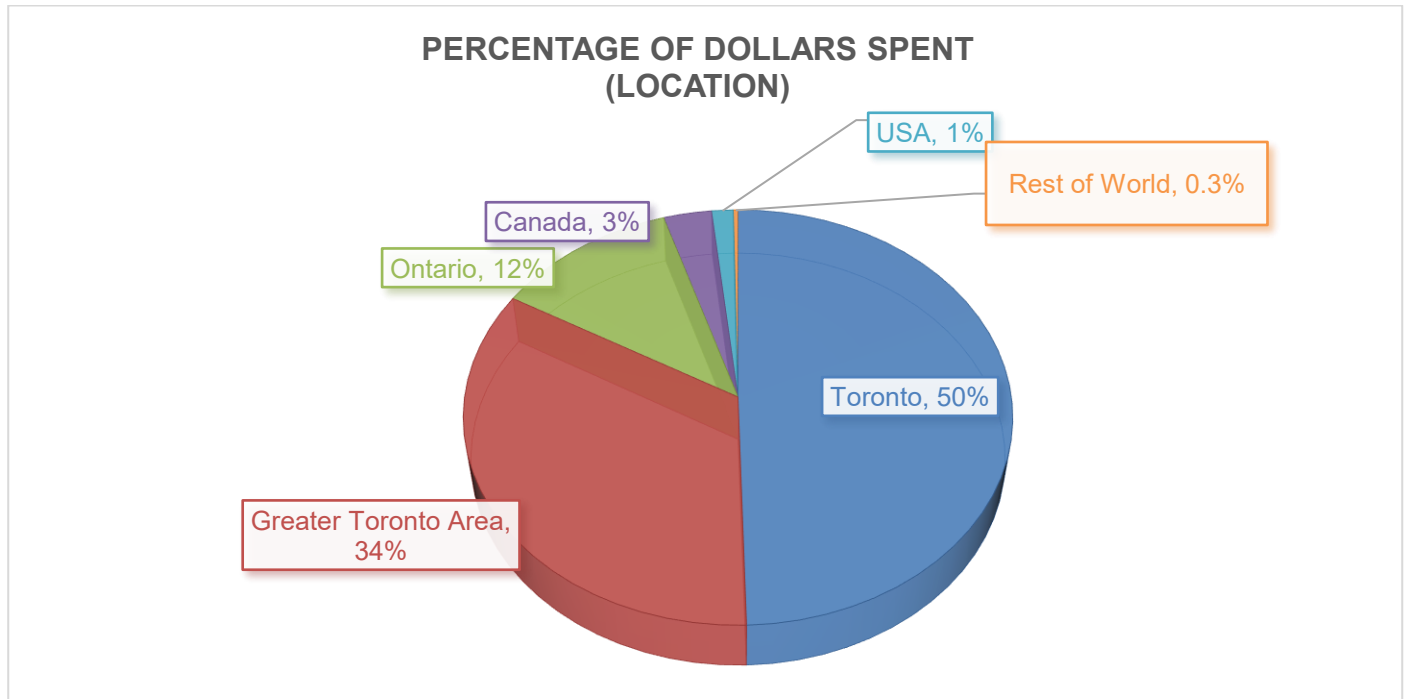


Figure 3: Percentage of Dollars Spent by Location

² In scope: Service and material vendors' spend between January 2025 to December 2025. Out-of-scope: Non-discretionary vendors' spend between that same period.

³ Percentages may not total 100% due to rounding.

Steps Taken to Prevent and Reduce Risks of Forced Labour and Child Labour

Given the location of Toronto Hydro's operations and the nature of the equipment procured for use in the electricity distribution system, including the application of established manufacturing standards, supplier oversight and regulatory requirements, the risk of forced labour and child labour being present in its supply chain is assessed to be relatively low. Toronto Hydro has not identified any evidence of forced labour or child labour in its supply chain.

In 2025, Toronto Hydro strengthened its supplier due diligence processes by enhancing material supplier scorecards to include additional measures related to forced labour, which material suppliers must provide and review with Toronto Hydro on a semi-annual basis. These reviews help ensure ongoing compliance with Toronto Hydro's requirements beyond the initial RFP stage.

Toronto Hydro has also updated its RFP documentation to include specific questions requiring potential suppliers and contractors to demonstrate that they have programs and/or policies in place related to forced labour and child labour in supply chains. This enhancement strengthens upfront due diligence during supplier and contractor selection.

In addition, Toronto Hydro enhanced its supplier management system in 2025 to require the identification of country of origin for all materials provided. While initially implemented to support tariff compliance, this enhancement improves supply chain traceability and further supports the identification and management of potential forced labour and human rights risks. As part of this initiative, Toronto Hydro mapped materials currently being purchased and established country of origin requirements for all new materials.

Measures Taken to Remediate Forced or Child Labour and Loss of Income Resulting from Actions

Toronto Hydro is not aware of any the parts of the reporting entities' business — and the business of the entities which the entities own or control — that could potentially cause, contribute to or be directly or indirectly linked to an actual or potential risk of forced labour or child labour. In the event that an instance of modern slavery is identified within a specific supplier's operation or supply chain, Toronto Hydro will work with that supplier to remediate the issues and risks identified in the assessment. If issues cannot be remediated to a satisfactory resolution, other measures will be implemented, including the termination of relationship with that supplier.

Assessment Effectiveness

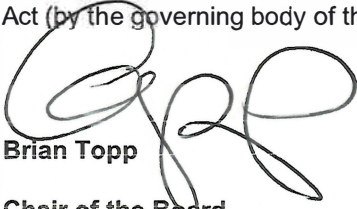
Toronto Hydro conducts screening of all suppliers and is dedicated to enhance this process to further improve understanding of supplier's risk profile. Additional measures were added in 2025 to material supplier scorecards providing Toronto Hydro with further insight on anti-forced labour measures within its supply chain. No risks were identified. Throughout the next reporting period, Toronto Hydro will evaluate and gauge the effectiveness of existing practices while also implementing new measures.

Training

All employees, officers and directors of Toronto Hydro, upon commencement of employment and every year thereafter, are required to (a) review and receive training on the Code, and (b) sign an attestation.

Attestation

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the Report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above. I am approving this report pursuant to paragraph 11(4)(b)(ii) of the Act (by the governing body of the entity that controls each entity included in the report).



Brian Topp

Chair of the Board

May 13, 2026

I have authority to bind Toronto Hydro Corporation