Toronto Hydro Corporation Report
August 15, 2013

Addressed to City of Toronto Council
from David Williams, Chairman
Toronto Hydro Corporation

“Whistle Blower” Protection Policies

Purpose

Pursuant to resolution number 9 under EX32.9 adopted on July 16, 17, 18 and 19, 2013, City Council requested that “Toronto Hydro consider adopting Whistle Blower Protection Policies”.

Toronto Hydro Corporation (the “Corporation”, and hereinafter collectively with its subsidiaries, “Toronto Hydro”) therefore hereby submits and recommends that this report and attached documents be received by City Council at its next scheduled meeting.

Background

As a result of several high-profile examples of corporate malfeasance, certain organizations have been required by law and/or shareholders to institute whistle-blower policies to encourage disclosure, and ultimately prosecution, of inappropriate or illegal behaviour. Toronto Hydro believes, in compliance with its legal and other obligations as both a reporting issuer and a regulated distributor of electricity, and also because of its status as a corporation owned by the residents of Toronto and as a good corporate citizen, that it is in its own best interest to strive for the highest standards of governance and ethical practice in the workplace and the boardroom. An essential part of that commitment is ensuring that Toronto Hydro sets clear standards for behavior for its employees, officers and directors and provides for an unambiguous and confidential process for reporting on breaches of ethical operations or good governance. As such, Toronto Hydro established a whistle blower policy as part of its Code of Business Conduct (the “Code”) in 2003, and more recently set out both a Fraud and Theft Prevention Policy and a Workplace Harassment Policy (copies attached hereto as appendices A, B and C respectively). This policy structure establishes a market-leading set of standards for employees, officers and directors and provides for a mechanism to monitor and enforce the same. The Code is available publically through Toronto Hydro’s website. The Code and other policies provide a comprehensive compliance framework which sets out “whistle-blower” initiatives, including effective protection of parties reporting in good faith on violations of the Code. As the Code is the primary policy document upon which Toronto Hydro’s ethical business and employment practice is based and measured, this report focuses primarily upon this document. However, it should also be noted that complaints or reports in respect of Toronto Hydro may be made by the public through Toronto Hydro’s customer care department (via phone or email as listed on www.torontohydro.com) and for items requiring escalation to the customer liaison at the Office of the President (reachable via email or fax as listed on torontohydro.com). For ease of reference, the following chart provides a comparison of the key elements of the City of Toronto’s Whistle Blower Protection Policy and the Code:
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<tr>
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<th>City of Toronto</th>
<th>Toronto Hydro</th>
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<tr>
<td>1. Identifies conduct issues that may be reported upon including wrongdoing, fraud and waste</td>
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<tr>
<td>2. Establishes confidential process for reporting</td>
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<td>3. Dedicated hotline for reporting</td>
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<td>4. Creates confidential investigation process</td>
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<td>5. Sets Sanctions for bad faith reporting and misleading investigations</td>
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<td>6. Prohibits reprisals for good faith reporting of violations</td>
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<td>7. Set Sanctions for reprisal up to termination</td>
<td>√</td>
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<td>8. Document is publically available</td>
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**Discussion**

*(1) Code of Business Conduct – Commitment to Society and Stakeholders*

The Code flows naturally from Toronto Hydro’s four strategic pillars: (1) People; (2) Finance; (3) Operations; and (4) Customers, and is more than just a financial reporting compliance document. It sets the basic principles by which Toronto Hydro and Toronto Hydro’s employees should conduct business activities to reach their business goals and also fulfill commitments to stakeholders. Toronto Hydro’s commitment to the Code’s principles is demonstrated by the requirement that each new employee and all directors sign an acknowledgement setting forth his or her undertaking to comply. This commitment is further shown at the highest level of Toronto Hydro’s governance structure through the reporting on incidents under the Code which is made at each meeting of the Audit Committee of the Corporation’s Board of Directors.

The Code highlights the following key commitments to stakeholders, such as customers, business partners, communities, employees and the shareholder, to be met by Toronto Hydro and its directors, officers and employees:

- *Ethical Decision Making*
- *Obey the Law*
- *Confidentiality*
- *Protect Toronto Hydro’s Assets*
- *Avoid Conflicts of Interest*
- *Be Fair and Honest*
- *Treat all Employees with Dignity and Respect*
• Protect the Environment
• Enhance the Quality of Life
• Enhance Value for the Shareholder

Of particular importance to City Council, the Code specifically provides in Section 6.2 that to avoid the appearance of a conflict of interest:

“any request by a director or senior representative of the Shareholder related to the material use or handling of Toronto Hydro assets or resources or requesting actions to be taken by an officer or employee of Toronto Hydro other than those actions directed by the individual(s) to whom that officer or employee directly or indirectly reports shall be reviewed by the Corporation’s Corporate Governance Committee. If an officer or employee of Toronto Hydro receives such a request from a director such request shall be referred to the Chair, Corporate Governance Committee for a review by that Committee prior to such action being taken”.

(2) Code of Business Conduct – Compliance, Discipline and Reprisal

Having established the standard for good business and employment conduct, the Code provides for a prompt, discreet and professional construct to handle any allegations of violations (or the appearance of violations), with a strong focus on maintaining confidentiality. Strict consequences are set out for violators, including the possibility of dismissal, civil action or criminal prosecution. To enable effective management of the Code, and the investigation of and response to any reports made, provision is made for the appointment of a Toronto Hydro Ethics Officer. Incident reporting therefore may be made directly to the Ethics Officer where the reporting party is uncomfortable with reporting to his or her supervisory or senior management. The Ethics Officer is available to be contacted by mail or in person. Additionally, communications may be made by way of a dedicated phone line established solely for this purpose. If the reported matter involves the conduct of any of the directors, the CEO or any other officer of Toronto Hydro, then to ensure the highest level of independent review, the Ethics Officer shall immediately report the matter to the Chair of the Audit Committee of the Corporation and comply with any directives received from the Chair. Although having incident reporters identify themselves would facilitate the investigation and resolution of concerns, employee concerns may be reported anonymously, and anonymous contacts will receive the same level of response. Finally, the Code stresses that management is responsible for ensuring that no retaliatory action is taken against anyone for making a good faith report of an ethical or legal concern or violation.

Conclusion

The Toronto Hydro Code of Business Conduct and other related Toronto Hydro policies establish a transparent, rigorous and effective means for identifying, reporting, investigating and responding to incidents of ethical or legal concern, and therefore achieve the objectives of what could otherwise be identified as a “whistle-blower policy” and in particular those items encompassed by the City of Toronto’s Whistle Blower Protection Policy.
List of Attachments

Appendix A  -  Code of Business Conduct
Appendix B  -  Fraud and Theft Prevention Policy
Appendix C  -  Workplace Harassment Policy
# Code of Business Conduct

<table>
<thead>
<tr>
<th>Policy Owner:</th>
<th>Vice President, Organizational Effectiveness, Environment, Health &amp; Safety</th>
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<tbody>
<tr>
<td>Policy Approver:</td>
<td>Board of Directors, Toronto Hydro Corporation</td>
</tr>
<tr>
<td>Version Approval Date:</td>
<td>V3.0 2012-11-15</td>
</tr>
<tr>
<td>Last Review by PASC:</td>
<td>2012-10-31</td>
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The most recent version of this policy can be obtained from http://pluggedin.torontohydro.com/policy/Pages/GovernancePolicies.aspx.

The distribution of this policy is restricted not restricted.
TABLE OF CONTENTS

1 DOCUMENT REVIEW & REVISION HISTORY .................................................. 2
2 DISTRIBUTION HISTORY ........................................................................... 2
3 INTRODUCTION ......................................................................................... 2
4 POLICY OVERVIEW .................................................................................. 3
5 COMMITMENT TO SOCIETY ..................................................................... 4
6 COMMITMENT TO STAKEHOLDERS ......................................................... 5
7 POLICY OWNERSHIP, ADMINISTRATION, APPROVAL AND RESPONSIBILITIES .. 10
8 COMPLIANCE, DISCIPLINE AND REPRISAL .......................................... 11
9 POLICY COMMUNICATION ...................................................................... 12
10 RELATED LAWS, REGULATIONS AND DOCUMENTATION ........................ 12

1 DOCUMENT REVIEW & REVISION HISTORY

This policy is reviewed annually.

<table>
<thead>
<tr>
<th>Version Number</th>
<th>Date of Review</th>
<th>Reviewed By</th>
<th>Brief Description of Change</th>
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<tr>
<td>V 3.0</td>
<td>2012-10-31</td>
<td>PASC</td>
<td>Added section 6.1.5 regarding image and reputation</td>
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2 DISTRIBUTION HISTORY

<table>
<thead>
<tr>
<th>Version Number</th>
<th>Date of Issue</th>
<th>Recipients</th>
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<tr>
<td>V 3.0</td>
<td>2012-11-19</td>
<td>Toronto Hydro external website, and intranet site (<a href="http://pluggedin.torontohydro.com/policy/Pages/GovernancePolicies.aspx">http://pluggedin.torontohydro.com/policy/Pages/GovernancePolicies.aspx</a> )</td>
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3 INTRODUCTION

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. We work to achieve the following strategic pillars:

- **People** (fully-engaged, safe and healthy workforce that meets the changing business requirements)
- **Finance** (meet financial objectives of the Shareholder)
- **Operations** (improve reliability through optimal and sustainable system management)
- **Customer** (provide value for money)

This requires us to execute our duties with highest standards of integrity and professionalism at all times. This Code of Business Conduct sets the basic principles on how Toronto Hydro and Toronto Hydro’s employees should conduct the business activities to reach our business goals and fulfill commitments to our stakeholders.
4 POLICY OVERVIEW

This Code of Business Conduct sets forth the basic principles of business conduct Toronto Hydro expects its employees, officers and directors to follow.

It is expected that we will at all times exercise honesty and integrity in our duties, and live up to our commitments to society and our stakeholders. Our stakeholders include our customers and other business partners, our employees, the communities in which we operate, and our shareholder, the City of Toronto.

This Code outlines general principles of appropriate business conduct rather than attempting to cover every situation we may possibly encounter. It is not a substitute for the use of sound judgment and moral integrity in assessing such situations, and it does not supersede existing or subsequent Toronto Hydro policies issued in respect of specific matters. A failure by us to comply with the principles of appropriate business conduct set forth in this Code could result in damage to Toronto Hydro’s economic well being or to its reputation and credibility with its stakeholders. The Code is designed to alert Toronto Hydro employees, officers, directors, consultants, suppliers and contractors to major legal and ethical issues that frequently arise. It also serves to establish appropriate channels for obtaining guidance and reporting Code violations.

The Vice President, Organizational Effectiveness and Environment, Health & Safety has been appointed to serve as Toronto Hydro’s Ethics Officer.

All consultants, suppliers and contractors are to be made aware of the content of this Code. Each consultant, supplier and contractor shall either be provided with a copy of the Code or referred to the dedicated page on Toronto Hydro’s website (www.torontohydro.com) each time an agreement to provide goods or services is executed with them or upon any change to the Code.

In this Code, “Toronto Hydro” means Toronto Hydro Corporation and all of its subsidiaries and related corporations.

Ethical Decision Making

One of the primary goals of this Code is to help all of us make ethical business decisions. The Code establishes principles to govern conduct in some general areas that pose ethical or legal concerns. No book of hard-and-fast rules, however long and detailed, could ever adequately cover all the dilemmas we face given the complexity and constantly changing nature of our work and our world.

Therefore, we may find it helpful to ask the following questions before taking action in specific situations:

- Am I adhering to the letter and spirit of the laws and regulations that may be involved?
- Is my action consistent with the overall values set forth in the Code?
- Would my action compromise my integrity or credibility, or that of Toronto Hydro?
- Does my action conform to Toronto Hydro’s company policies?
- How would my actions appear to my supervisors, peers, subordinates, family, close personal friends, or to the public if reported in the news media?
- Does it make me feel uncomfortable?

Ultimately, employees are personally responsible for their decisions and should discuss ethical concerns, issues and questions with their supervisor or other contacts referred to under the “Compliance, Discipline and Reprisal” section below.
5 COMMITMENT TO SOCIETY

We believe that we have responsibilities to society because ultimately it is only with its implicit permission that the economy in which we participate is allowed to flourish. We therefore make the following commitments to society.

Obey the Law

5.1 We act in accordance with both the letter and the spirit of all laws and regulations applicable to the conduct of our business wherever we operate. To achieve this, Toronto Hydro provides us with the training required to obtain an understanding of the laws which apply to the carrying out of our responsibilities. With this training, we are expected to be sufficiently familiar, and act in accordance, with any laws that apply to our work, to recognize potential liabilities, and to know when to seek legal advice. If in doubt, we promptly seek clarification from Toronto Hydro’s General Counsel.

5.2 We never commit or condone an illegal or improper act relating to Toronto Hydro’s affairs, or instruct another employee, business partner or contractor to do so.

5.3 We acknowledge the importance to Toronto Hydro of complying with the Affiliate Relationships Code. We comply with, and ensure that all parties who provide services on behalf of Toronto Hydro comply with, the Affiliate Relationships Code.

5.4 We do not offer or make any payment (in money, property, services or any other form), directly or indirectly, through an agent or consultant, to any government official, political party, political party official, or candidate for political office for the purpose of persuading that person to exert influence in order to assist Toronto Hydro in obtaining or retaining business. We take measures reasonably within our power to ensure that any payment made to an agent is appropriate remuneration for legitimate services rendered and that no part is passed on by the agent as a bribe. We ensure that proper systems of control are in place to prevent and detect the payment of bribes.

5.5 We never request any payment (in money, property, services or any other form), directly or indirectly, to influence a decision or otherwise, nor do we accept any offered payment for any purpose other than as permitted in strict compliance with this Code.

5.6 We avoid all actions that are anti-competitive or otherwise contrary to laws that govern competitive practices in the marketplace.

5.7 We do not engage in, or give the appearance of being engaged in, any illegal or improper conduct that is in violation of this Code.

Confidentiality

5.8 We do not use for personal advantage any information that is obtained in the course of our employment and is not available to the public at large.

Examples of such information include:

(a) information concerning a proposed or existing business transaction with Toronto Hydro (e.g., a contract to purchase new transformers);
(b) the proposed acquisition or disposal of investments or other assets; and
(c) the pending award or change of contract for the supply of materials, goods or services to Toronto Hydro.
5.9 We do not inform anyone of any material fact or change relating to Toronto Hydro before it has been generally disclosed by Toronto Hydro in accordance with its Disclosure Policy except as may be required in the ordinary course of business. If it is necessary to inform any persons in the ordinary course of business, we ensure that the recipients of the information understand that it must be kept confidential. Where such recipients are from outside of Toronto Hydro we request, where appropriate, that they confirm their commitment to non-disclosure in the form of a written confidentiality agreement.

5.10 We will comply at all times with the privacy policies approved by Toronto Hydro (see Toronto Hydro website www.torontohydro.com).

6 COMMITMENT TO STAKEHOLDERS

Maintaining the trust and confidence of our stakeholders is crucial to Toronto Hydro’s economic wellbeing and to its reputation and credibility with its stakeholders. If such trust and confidence is lost, we will lose their support and the valuable contribution which each makes to Toronto Hydro’s success. It is in recognition of this that we make the following commitments to our stakeholders.

TO ALL OF OUR STAKEHOLDERS

We are committed to protecting their interest in Toronto Hydro’s economic well-being

We acknowledge that all stakeholders have an interest in Toronto Hydro’s economic well-being to provide employment opportunities, purchase goods and services, contribute to economic partnerships, contribute to the quality of life in communities where we operate, and to enhance the value of our shareholder’s investment. To protect these interests, we will act in accordance with the following standards:

6.1 Protect Toronto Hydro’s Assets

Each of us has a responsibility to safeguard Toronto Hydro’s assets.

6.1.1 With respect to corporate funds we will:

(a) Exercise integrity, prudence and judgment in incurring and approving business expenses.
(b) Ensure that business expenses are reasonable and serve Toronto Hydro’s business interests.
(c) Ensure that all transactions and expenses are properly authorized.
(d) Record all transactions and expenses accurately, completely and promptly.
(e) Ensure that the acquisition, use, disposal or movement of funds is made known, clearly identified, and not diverted for any other use than that for which they were approved.
(f) Not conceal any fund or transaction from finance, management or Toronto Hydro’s auditors.
(g) Not enter into any transaction for the purpose of unlawfully evading any tax, duty or other levy imposed by a government, either for ourselves or for our counterparties.

6.1.2 With respect to physical assets (including corporate property involved in carrying out duties) we will:

(a) Use these assets prudently and with due care.
(b) Exercise reasonable safeguards to protect them against theft, damage, loss and waste.

(c) Ensure that the acquisition, use, disposal or movement of assets is made known, clearly identified, and not diverted for any other use than that for which they were approved.

(d) Not take, sell, loan, destroy or give away assets without proper authorization.

6.1.3 With respect to intellectual capital we will:

(a) Treat any information that has not been publicly disclosed in accordance with Toronto Hydro's disclosure policy as confidential.

(b) Take precautions to avoid inadvertent disclosure, for instance, by not discussing such information in public and using extra care in transmitting such information by fax or electronic mail.

(c) Enter into confidentiality agreements to ensure those to whom we must disclose such information will not disclose it to others.

(d) Not release information to the media without proper authorization.

(e) Use only properly licensed computer software.

(f) Not reproduce, distribute or alter materials such as computer software or videotapes without the permission of the copyright owner or authorized agent but instead obtain additional copies of needed materials by purchasing them through the appropriate channels.

(g) Employ ethical means in conducting research by being honest in obtaining, interpreting, using and disclosing data.

(h) Use Toronto Hydro intellectual property —brand names, logos, trademarks—only in an authorized manner and in accordance with all laws.

(i) Comply with internal policies, procedures and guidelines relating to internal computer systems, including "Toronto Hydro Technology Use Guidelines". We acknowledge that Toronto Hydro reserves the broadest possible rights to ensure that Toronto Hydro's computer data base and all electronic communications systems, including electronic mail ("e-mail"), voice mail, the intranet and internet, and electronically created or stored data are used in compliance with internal policies, procedures and guidelines that guide the use, storage and transmission of information through this medium.

6.1.4 With respect to business records and reports we will:

(a) Ensure honest and accurate recording, reporting and retention of information (including all business records, including financial reports, research reports, marketing information, sales reports, tax refunds, time sheets, claims and other documents including those submitted to governmental agencies) since almost all business records may become subject to public disclosure in the course of litigation or governmental investigations and records are also often obtained by outside parties or the media.

(b) Ensure that all records and accounts accurately and truthfully reflect transactions and events, and conform both to generally accepted accounting principles and to the Toronto Hydro system of internal controls.

(c) Ensure that no entry is made in any record that intentionally hides or disguises the true nature of any transaction.

(d) Never withhold, or fail to communicate, information that should be brought to the attention of higher levels of management.

(e) Attempt to be as clear, concise, truthful and accurate as possible when recording any information and avoid exaggeration, inappropriate language, guesswork, legal conclusions, and derogatory characterizations of people and their motives.

(f) Not destroy or condone the destruction of records, except in accordance with internal document management, retention and disposition policies.
6.1.5 With respect to Toronto Hydro’s image and reputation:

(a) When presenting ourselves on behalf of Toronto Hydro, we must not conduct ourselves in any way that would negatively impact Toronto Hydro’s image and reputation, and must comply with any relevant Toronto Hydro policies, procedures, and standards.

(b) Ensure that our communication via social networks and digital media is consistent with the directions laid out in the Toronto Hydro Social Media and Digital Communication Guidelines.

6.2 Avoid Conflicts of Interest:

A “conflict of interest” occurs when our direct or indirect personal interests, activities or influences could compromise, or could reasonably appear to compromise, our ability to perform our responsibilities objectively and in the best interests of Toronto Hydro. Conflicts of interest, no matter how innocent the intention, threaten Toronto Hydro’s economic interests (including its reputation) by potentially leading us to make decisions based on personal interests rather than in the best interests of Toronto Hydro. Even if we do not allow our personal interests to influence our decisions, the existence of the conflict will jeopardize the trust of our stakeholders if they perceive that we may not be acting solely with Toronto Hydro’s best interests in mind. We must therefore exercise common sense, sound judgment and moral integrity to avoid any conflict of interest. We must also make any situation that might constitute a potential conflict of interest known to management and seek approval to proceed in accordance with this Code.

We are to seek guidance from our supervisors, or otherwise in accordance with this Code, whenever there is a question concerning a possible conflict of interest between our personal interest and the interests of Toronto Hydro. Conflicts include any activity (even when it is unpaid), interest or association that might compromise, or appear to compromise, the independent exercise of our judgment in the best interests of the Company.

To avoid the appearance of a conflict of interest, any request by a director or senior representative of the Shareholder related to the material use or handling of Toronto Hydro assets or resources or requesting actions to be taken by an officer or employee of Toronto Hydro other than those actions directed by the individual(s) to whom that officer or employee directly or indirectly reports shall be reviewed by the Corporate Governance Committee. If an officer or employee of Toronto Hydro receives such a request from a director such request shall be referred to the Chair, Corporate Governance Committee for a review by that Committee prior to such action being taken.

Our responsibility to avoid conflicts of interest means that we must always act in the best interests of Toronto Hydro.

6.2.1 With respect to outside business interests we will not, without approval:

(a) Operate, serve as directors, officers, or partners of, or perform work or services as employees, consultants or advisors for, any competitor or any actual or potential "business partner" (including suppliers and customers) or any other entity that could lead to a conflict of interest or situation prejudicial to Toronto Hydro’s interests (including any situation where our performance of duties for Toronto Hydro is adversely affected).

(b) Use Toronto Hydro time or resources (including equipment, tools, materials, supplies, facilities, personnel and information) to run our own business or engage in work for another organization, or to further the private interests of our family members, close personal friends or associates.
(c) Take part in a Toronto Hydro corporate decision which might confer any benefit, monetary or otherwise, on a business partner or competitor of Toronto Hydro in which we, our family members, close personal friends or associates hold a direct or indirect business or ownership interest. For example, we will not award a contract to, or obtain goods or services from, an entity in which we or such family members, friends or associates have a private interest, except where the interest is solely in the form of insignificant stock interests held in public companies.

(d) Take part in outside employment which creates the appearance of a, or an actual, conflict of interest.

(e) While performing duties as a Toronto Hydro representative, solicit customers for any outside employment. We will not recommend or refer customers to businesses, including those businesses operated by ourselves or other Toronto Hydro employees. For the purpose of interpretation, "solicit" includes any inquiry or request made by a customer for an employee's "off-duty" services.

6.2.2 With respect to property transactions we will not:

(a) Use our position at Toronto Hydro to influence any corporate decision involving real estate or personal property in which we, our family members, close personal friends or associates have a direct or indirect business or ownership interest. For example, we will not participate in a decision concerning the location of a Toronto Hydro facility that would directly or indirectly benefit lands owned by any such individuals.

(b) Deal knowingly in real estate for the direct or indirect personal gain of ourselves, family members, close personal friends or associates, based on knowledge of any proposed or pending Toronto Hydro transaction such as the proposed location of a transmission line or other facility.

(c) Influence the settlement of a claim against Toronto Hydro to the advantage of a private interest held by us, our family members, close personal friends or associates.

6.2.3 With respect to political activity we acknowledge that:

Each of us has the right to participate in the political process and to engage in political activities of our own choosing. However, while involved in such political activities we must at all times make clear that any views and actions are our own, and not those of Toronto Hydro. As in other activities, we must consider whether our political activity could adversely affect our performance of duties for Toronto Hydro or conflict with Toronto Hydro’s responsibilities and, if so, avoid those activities. To determine if the political activity may create a potential conflict, we may contact the Ethics Officer, who will review the case and inform us of any action considered necessary to avoid the conflict.

6.2.4 With respect to gifts, gratuities, entertainment or benefits offered to us, our family members, close personal friends or associates (or to a third party receiving benefits for us or them) for less than full market value we will conduct ourselves as follows:

We will only accept gifts, entertainment and benefits in the normal exchanges common to business relationships. The following criteria will guide our judgment:

(a) the gift, entertainment or benefit would be considered to be within the bounds of propriety taking into account all the circumstances of the occasion;
(b) it does not, nor is it expected to, create a sense of obligation;
(c) it would not appear to improperly influence a business decision or result in compromising objectivity;
(d) it occurs infrequently; and
(e)  it would be valid for reimbursement on a Toronto Hydro expense statement if offered rather than received.

We will return inappropriate gifts or other benefits to the donor, accompanied by an explanation of Toronto Hydro’s policy on this matter or, if considered appropriate, a copy of this Code. Perishable gifts can instead be donated to a charity and the donor notified. We will promptly advise our Ethics Officer of the circumstances of an inappropriate gift.

In some business settings, the return of a gift or refusal of a favour, benefit or entertainment would be offensive; in these cases, we should refer the circumstances to the Ethics Office for guidance.

Full and immediate disclosure in accordance with this Code of borderline cases will always be taken as good faith compliance with this Code.

6.3 TO OUR CUSTOMERS AND OTHER BUSINESS PARTNERS

We are committed to being fair and honest

6.3.1  To fulfill this commitment we:

(a)  Treat our business partners courteously, respectfully and in a professional and helpful manner.
(b)  Commit only to what we honestly believe we can deliver.
(c)  Honour the commitments we make.
(d)  Protect any information shared with us on a confidential basis by a business partner.
(e)  Do not release customer information to any third party without proper authorization from the customer or Toronto Hydro management.
(f)  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.
(g)  Do not use our position at Toronto Hydro to obtain personal favors or special consideration for ourselves, our family members, close personal friends or associates.
(h)  Select our suppliers objectively, based on fairness and the long-term best interests of Toronto Hydro.

6.4 TO OUR EMPLOYEES

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

6.4.1  To fulfill this commitment we create 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 to Toronto Hydro and its customers.

6.5 TO THE COMMUNITIES WHERE WE OPERATE

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

To fulfill this commitment we will act in accordance with the following standards:

6.5.1  Protect the Environment

We acknowledge that environmental protection is one of Toronto Hydro’s fundamental
values and to demonstrate such value we will:

(a) Ensure that we understand the environmental impact of our activities and treat it as an integral factor in all of our decisions.
(b) Report immediately any environment mishaps.
(c) Be open about and accountable for our environmental performance.
(d) Strive to find business partners which conduct their business in an environmentally responsible manner.

6.5.2 Enhance the Quality of Life

We believe that a fundamental responsibility is to conduct our business on a sound commercial basis in a socially responsible manner. This is, we believe, the greatest contribution we can make to the communities where we operate. We also believe we have a responsibility to contribute to the well-being of these communities in other ways. While this commitment will take different forms in different communities, we will:

(a) Support health, education and environmental initiatives.
(b) Support and work with voluntary and charitable organizations that respond to community needs.
(c) Get involved in and work with the community to assist in solving community problems.
(d) Encourage our employees to contribute to their communities through involvement with charitable, community service 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.
(e) Encourage, support and seek partnerships with organizations which need our help, whether they be schools or social service organizations.
(f) Involve local communities in decision making for issues that affect them.

6.6 TO OUR SHAREHOLDER

We are committed to enhancing value for our shareholder, the City of Toronto.

All of our ethical commitments are directed at protecting Toronto Hydro’s well-being. Through these commitments, we will seek to enhance the value of our shareholder’s investment.

7 POLICY OWNERSHIP, ADMINISTRATION, APPROVAL AND RESPONSIBILITIES

7.1 This policy is owned by the Vice President, Organizational Effectiveness, Environment, Health and Safety.

7.2 The Vice President, Organizational Effectiveness, Environment, Health and Safety is responsible for:

(a) ensuring that this policy is comprehensive, clear and current;
(b) ensuring that this policy is implemented and communicated to the departments and staff that are impacted;
(c) ensuring ongoing compliance with this policy;
(d) approving any exceptions to this policy as required;
(e) reviewing this policy as often as necessary, but at least annually;
(f) modifying, amending or rescinding this policy at any time.
7.3 This policy is approved by the President & CEO of Toronto Hydro.

8 COMPLIANCE, DISCIPLINE AND REPRISAL

8.1 All Toronto Hydro employees, officers and directors must adhere to and actively support the principles and standards described in this Code, and adhere to the standards set out in applicable policies, guidelines and legislation.

8.2 Regardless of the approach used, the person or office contacted will handle your request promptly, discreetly and professionally. Discussions and inquiries will be strictly confidential to the fullest extent possible or permitted by policy or law.

8.3 Violations of the Code will not be tolerated. Any employee who fails to comply with the Code, or who withholds information during the course of an investigation regarding a possible violation of the Code, is subject to disciplinary action up to and including dismissal. Depending on the nature of the non-compliance, Toronto Hydro may have legal obligation to report the non-compliance to the appropriate authorities, which may lead to criminal prosecution or civil action.

8.4 Any situation or transaction that may violate, or could appear to violate, the letter or intent of the Code must be reported immediately to your supervisor or if this is uncomfortable or seems inappropriate, must be reported immediately to the next level of your management; or if preferred, Toronto Hydro’s Ethics Officer.

8.5 The Ethics Officer may be contacted by regular mail addressed to the Ethics Officer, 14 Carlton St., Toronto, Ontario M5B 1K5 and marked CONFIDENTIAL, in person, or by way of a dedicated phone line established solely for this purpose [416.542.2767] All issues raised with, and reported to, the Ethics Officer will be handled promptly, discreetly and professionally.

8.6 The Ethics Officer shall have the discretion to determine how any reported matter will be handled. This discretion shall include deciding, in each instance, with whom she should or should not discuss the details of the reported matter. She shall not have any obligation to discuss the matter with the Chair of the Board of Directors or any of the other directors or officers of Toronto Hydro, except, if the reported matter involves the conduct of any of the directors, the CEO or any other officer of Toronto Hydro, then the Ethics Officer shall immediately report the matter to the Chair of the Audit Committee of Toronto Hydro and comply with any directives received from the Chair. It is important to note that it is hoped that all callers will identify themselves when contacting the Ethics Officer since that will facilitate resolving any issues. However, we will respond to anonymous contacts.

8.7 All disclosures to the Ethics Officer will be kept strictly confidential to the fullest extent possible or permitted by policy or law unless, in the sole opinion of the Ethics Officer, the matter disclosed constitutes an actual or potential threat of harm to Toronto Hydro, its employees or the general public. In that event, the Ethics Officer will act in accordance with any disclosure procedure issued by Toronto Hydro's General Counsel.

8.8 Management is responsible for ensuring that no retaliatory action will be taken against anyone for making in good faith a report of an ethical or legal concern or violation. However, anyone who takes part in a prohibited activity may be disciplined even if they report it. An employee's decision to report will, in all cases, be given due consideration in the event any disciplinary action is necessary.
8.9 Any employee found to be retaliating against an individual who, in good faith, reports a known or suspected violation or supplies information about a concern will be subject to disciplinary action up to and including dismissal. Employees who knowingly submit false reports will also be subject to disciplinary action.

9 POLICY COMMUNICATION

<table>
<thead>
<tr>
<th>COMMUNICATION TRIGGER</th>
<th>TYPE OF COMMUNICATION</th>
<th>PARTY RESPONSIBLE FOR POLICY COMMUNICATION</th>
<th>AUDIENCE</th>
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<td>New Hire</td>
<td>Intranet Posting</td>
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<tr>
<td>Annual Review</td>
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10 RELATED LAWS, REGULATIONS AND DOCUMENTATION

10.1 Refer to the Disclosure Policy located on the intranet at
http://pluggedin.torontohydro.com/policy/Pages/GovernancePolicies.aspx

10.2 Refer to the Fraud-Theft Prevention Policy located on the intranet at
http://pluggedin.torontohydro.com/policy/Pages/GovernancePolicies.aspx

10.3 Refer to the Social Media and Digital Communication Guidelines located on the intranet at
http://pluggedin.torontohydro.com/policy/Pages/GovernancePolicies.aspx

10.4 Refer to the Workplace Harassment Policy located on the intranet at
http://pluggedin.torontohydro.com/policy/Pages/OEEHSPolicies.aspx

10.5 Refer to the Environmental Policy located on the intranet at
http://pluggedin.torontohydro.com/policy/Pages/OEEHSPolicies.aspx

10.6 Refer to the Violence Prevention in the Workplace Policy located on the intranet at
http://pluggedin.torontohydro.com/policy/Pages/OEEHSPolicies.aspx
Appendix B
Fraud and Theft Prevention Policy
| **FRAUD/THEFT PREVENTION** | **Policy Owner:**
Director, Internal Audit and VP, Organizational Effectiveness, Environment, Health & Safety |
|---------------------------|--------------------------------------------------------------------------------------------------|
|                           | **Policy Approver:**
Policy Administration Steering Committee                                                        |
|                           | **Version Approval Date:**
V3.0 2013-04-25                                                              |
|                           | **Last Reviewed by PASC:**
2013-04-25                                                                 |

The most recent version of this policy can be obtained from the Toronto Hydro intranet at
http://pluggedin.torontohydro.com/policy/Pages/GovernancePolicies.aspx

The distribution of this policy is not restricted.
TABLE OF CONTENTS

1 DOCUMENT REVIEW & REVISION HISTORY ......................................................... 2
2 DISTRIBUTION HISTORY ............................................................................. 2
3 POLICY OVERVIEW ..................................................................................... 2
4 DEFINITIONS AND ABBREVIATIONS .......................................................... 3
5 SCOPE .......................................................................................................... 4
6 OBJECTIVES................................................................................................ 4
7 FRAUD/THEFT PREVENTION ................................................................. 4
8 ROLES AND RESPONSIBILITY ................................................................. 5
9 OWNERSHIP, APPROVAL AND ADMINISTRATIVE RESPONSIBILITIES ...... 7
10 POLICY COMMUNICATION ........................................................ .......... 8
11 POLICY COMPLIANCE AND VIOLATIONS ............................................. 8
12 RELATED LAWS, REGULATIONS AND DOCUMENTATION ..................... 9

1 DOCUMENT REVIEW & REVISION HISTORY

This policy is reviewed annually

<table>
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<th>Version Number</th>
<th>Date of Review</th>
<th>Reviewed By</th>
<th>Brief Description of Change</th>
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<td>2010-03-30</td>
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<td>Administrative Changes</td>
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<td>V 3.0</td>
<td>2013-04-25</td>
<td>PASC</td>
<td>Incorporated link to the Code of Business Conduct and included reference to the Joint Fraud Committee</td>
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2 DISTRIBUTION HISTORY

This policy is to be reviewed annually.

<table>
<thead>
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<tr>
<td>V1.0</td>
<td>2009-04-09</td>
<td>Toronto Hydro @ Home Employee Extranet</td>
</tr>
<tr>
<td>D2.0</td>
<td>2009-03-30</td>
<td>Manager, Policy Admin</td>
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3 POLICY OVERVIEW

Toronto Hydro is committed to protecting its revenue, property, proprietary information and other assets. Toronto Hydro will not tolerate any misuse or misappropriation of those assets. Theft and Fraud are criminal offences for which an individual may be liable to fines and/or imprisonment. At
Toronto Hydro acts of theft and/or fraud will result in disciplinary action up to and including the immediate termination of employment.

The Fraud/Theft Prevention Policy is established as a mechanism to aid in the detection and prevention of theft and fraud against Toronto Hydro. It is also intended to designate roles and responsibilities for all employees, officers and directors and provide guidelines with respect to conducting investigations for allegations made against Toronto Hydro. While fraud and theft are also generally addressed by Toronto Hydro’s Code of Business Conduct, the Fraud/Theft Prevention Policy is designed to provide further direction, guidance, and processes to assist in investigating, addressing and reporting instances of fraud and theft. As is discussed below, in the event that there is a conflict between this policy and the Code of Business Conduct, the Code of Business Conduct will supersede.

It is expected that all employees, officers and directors of Toronto Hydro will at all times exercise honesty and integrity in their duties, and live up to the Company’s commitments to society and stakeholders. Toronto Hydro’s stakeholders include customers and other business partners, employees, the communities in which we operate, and its shareholder, the City of Toronto. This requires us to execute our duties with highest standards of integrity and professionalism at all times. Maintaining the trust and confidence of our stakeholders is crucial to Toronto Hydro’s economic wellbeing and to its reputation and credibility with its stakeholders. If such trust and confidence is lost, we will lose their support and the valuable contributions they make towards Toronto Hydro’s success. Any such losses may also result in a material harm to the Company.

Any act of Fraud/Theft that is detected and/or suspected must be reported immediately to Management and investigated in accordance with this Policy.

4 DEFINITIONS AND ABBREVIATIONS

<table>
<thead>
<tr>
<th>TERM or ACRONYM</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fraud/Theft</td>
<td>In this policy, Fraud/Theft refers to acts committed with the intent to steal, deceive and/or conceal the misappropriation of assets/property and includes but is not limited to the following:</td>
</tr>
<tr>
<td></td>
<td>• Misappropriation of assets (e.g. internal/external theft, procurement fraud);</td>
</tr>
<tr>
<td></td>
<td>• Improper expenditures (e.g. bribes &amp; kickbacks);</td>
</tr>
<tr>
<td></td>
<td>• Fraudulent acquisition of assets (e.g. bid rigging);</td>
</tr>
<tr>
<td></td>
<td>• Fraudulent business expenses;</td>
</tr>
<tr>
<td></td>
<td>• Fraudulent accounting – dishonestly destroying, defacing, concealing or falsifying any account, record or document required for any accounting purpose; or furnishing information which may be misleading, false, or deceptive;</td>
</tr>
<tr>
<td></td>
<td>• Profiteering as a result of insider knowledge of the Company and customer activities; for the purpose of personal gain, gain for another or with intent to cause loss to another;</td>
</tr>
<tr>
<td></td>
<td>• Forgery or alteration of any document belonging to the Company;</td>
</tr>
<tr>
<td></td>
<td>• The offering or taking of inducements, gift or favours which may influence the actions of any persons;</td>
</tr>
<tr>
<td></td>
<td>• Time theft (e.g. employee is claiming to be working hours, when in fact the employee is not working and engaging in non-work activities).</td>
</tr>
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</table>

IAD Internal Audit Department
<table>
<thead>
<tr>
<th>TERM or ACRONYM</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>ELR</td>
<td>Employee and Labour Relations Department</td>
</tr>
<tr>
<td>Toronto Hydro or the Company</td>
<td>Toronto Hydro Corporation and its Affiliates</td>
</tr>
<tr>
<td>Affiliates</td>
<td>Toronto Hydro Corporation's subsidiaries</td>
</tr>
<tr>
<td>Management</td>
<td>Officers and Managers of business units within Toronto Hydro</td>
</tr>
</tbody>
</table>

5 SCOPE

5.1 This policy applies to all employees, officers and directors of Toronto Hydro.

5.2 This is a corporate policy which is designed to augment other corporate policies and is not intended to replace or preclude them. Should a situation arise which gives rise to an overlap between the application of this policy and any other policy, the policy most specific to the situation will apply. In some cases, however, both this policy and the Code of Business Conduct may apply. In the event that there is a conflict between this policy and the Code of Business Conduct, the Code of Business Conduct will supersede.

6 OBJECTIVES

Objectives of this policy include:

6.1 Safeguarding the interests of Toronto Hydro stakeholders, including the financial assets of Toronto Hydro.

6.2 Protecting all employees, officers and directors of Toronto Hydro by minimizing incidents of Fraud/Theft and dealing with these incidents in a manner that is prompt, fair and consistent.

6.3 Ensuring all employees, officers and directors who are involved in allegations of Fraud/Theft, whether they are the accusers or the accused, are dealt with appropriately to minimize disruption in the workplace that may stem from such allegations.

Ensure compliance with other Provincial or Federal legislation relating to Fraud/Theft.

7 FRAUD/THEFT PREVENTION

Investigation and the Joint Fraud Committee

7.1 The Internal Audit Department (IAD) has primary responsibility for the investigation of all suspected acts of Fraud/Theft that relate to or may directly impact financial reporting or are material from a financial standpoint or may be considered to have high reputational risk. The Employee and Labour Relations Department ("ELR") has responsibility for the investigation of all suspected acts of Fraud/Theft that relate to labour and/or employment matters. Where labour and employment matters may directly impact financial reporting or are material from a financial standpoint or may be considered to have high reputational risk, ELR will advise the IAD. To manage suspected acts of Fraud/Theft incidents a Joint Standing Committee for Fraud ("Joint Fraud Committee") will be established with a member from ELR, IAD and Legal Services.
7.2 All reported acts of Fraud/Theft will be recorded by the department receiving the allegation and reported to the Joint Fraud Committee at the Joint Fraud Committee meetings which will be held as required but no less than once a quarter to verify that all Fraud/Theft investigations are adequately resourced and are progressing with appropriate pace and scrutiny.

7.3 Within the scope of their investigations, members of the IAD and ELR will have:

- Free and unrestricted access to all Toronto Hydro records, employees, officers and directors and premises, whether owned or rented; and

- The authority to examine, copy, or remove all or any portion of the contents (electronic or otherwise) of files, desks, cabinets, and other Toronto Hydro facilities without prior knowledge or consent of any individual who might use or have custody of any such items.

7.4 The Joint Fraud Committee will inform the Ethics Officer of any allegations of Fraud/Theft at the start of the investigation unless the allegation of Fraud/Theft involves an officer or director of Toronto Hydro in which case the Joint Fraud Committee shall inform the Chair of the Audit Committee. IAD and ELR may consult with such members of Management as it deems appropriate during the course of any investigation.

7.5 The IAD, ELR and other participants in an investigation shall treat all information received confidentially, to the extent possible. Investigation results will not be disclosed or discussed with anyone other than those involved or in accordance with the provisions of this policy. To the extent possible, the identity of individuals involved in an investigation including the identity of an individual alleging Fraud/Theft and the individual alleged to have committed act(s) of Fraud/Theft will be held confidential.

7.6 A decision to prosecute or refer the investigation results to the Toronto Police Services or regulatory agencies for independent investigation will be made by the Ethics Officer and Chief Financial Officer in consultation with the Vice President, General Counsel unless the allegation of Fraud/Theft involves an officer or director of Toronto Hydro in which case the decision will be made by the Chair of the Audit Committee in consultation with the President and Chief Executive Officer of Toronto Hydro and the Chairman of the Board of Directors of Toronto Hydro Corporation.

7.7 Upon the conclusion of an investigation by IAD, recommendations where appropriate will be made to Management in order to minimize future risk and a confidential report will be submitted to the Ethics Officer and/or the Audit Committee. Management is responsible for implementing the appropriate controls to prevent reoccurrence.

7.8 Upon the conclusion of an investigation by ELR, recommendations will be made to Management with respect to the level of disciplinary action required, if any.

7.9 The Joint Fraud Committee will prepare a confidential report on the status of Fraud/Theft and related matters for review by the Ethics Officer every quarter. Information contained in this confidential report may be included as part of the quarterly Code of Business Conduct report that is reviewed by the Audit Committee.

8 Roles, Responsibilities and Reporting

Executives and Managers

8.1 Management is responsible for:

- Establishing and maintaining a system of internal controls to ensure the detection and prevention of Fraud/Theft. Management should be reasonably familiar with the
types of Fraud/Theft that might occur within their area of responsibility, and be aware of any signs of potential Fraud/Theft.

- Reporting Fraud/Theft to the Joint Fraud Committee. The Joint Fraud Committee may be reached by contacting the Director of Internal Audit or the ELR Director.
- Supporting and co-operating with the IAD, ELR, other involved divisions, and law enforcement agencies in the detection, reporting and investigation of Fraud/Theft, including the prosecution of offenders.

**Joint Fraud Committee**

8.2 The Joint Fraud Committee is responsible for:

- Managing suspected acts of Fraud/Theft to verify that all Fraud/Theft investigations are adequately resourced and are progressing with appropriate pace and scrutiny.
- Maintaining all records relating to Fraud/Theft investigations and ensuring they remain confidential and secure to the extent possible.

**Employees**

8.3 Employees are responsible for:

- Immediately notifying his/her immediate manager if they have reason to believe that an act(s) of Fraud/Theft has occurred. If the employee has reason to believe that the employee’s immediate manager may be involved, the employee shall immediately notify a senior manager in the department, the ELR Director or Director of Internal Audit. Employees may remain anonymous when reporting a suspected act(s) of Fraud/Theft. All employees reporting a suspected act(s) of Fraud/Theft must maintain strict confidentiality at all times.
- In circumstances where the Code of Business Conduct may also be engaged, the Ethics Officer may be notified as per the process set out in the Code of Business Conduct. As is set out in the Code of Business Conduct, the Ethics Officer can be reached by regular mail addressed to the Ethics Officer, 14 Carlton St., Toronto, Ontario M5B 1K3 and marked CONFIDENTIAL, in person, or by way of a dedicated phone line established solely for this purpose [416.542.2767].
- Fully co-operating with Management, the IAD, ELR and other involved divisions and law enforcement agencies during the course of an investigation.
- Fully co-operating and being forthcoming with respect to any efforts to investigate and resolve matters arising under this policy.
9 OWNERSHIP, APPROVAL AND ADMINISTRATIVE RESPONSIBILITIES

Policy Owner

9.1 This policy is owned jointly by the Vice President, Organizational Effectiveness & Environment, Health and Safety and the Director, Internal Audit.

9.2 The Vice President, Organizational Effectiveness and Environment, Health & Safety and the Director of Internal Audit are responsible for:

- Ensuring that this policy is comprehensive, clear and current.
- Ensuring ongoing compliance with this policy.
- Ensuring policy communication.
- Assessing the process compliance.
- Reviewing design of communications.
- Authorizing sanctions or disciplinary action against employees who violate this policy.
- Approving any exceptions to this policy, as required.
- Reviewing this policy annually and reporting to the Policy Administration Steering Committee annually on any recommended changes to, and effectiveness of, the policy.

Policy Approver

9.3 This policy is approved by the Policy Administration Steering Committee.

9.4 The Policy Administration Steering Committee is responsible for:

- Considering the effect of the proposed policy in mitigating the risk identified.
- Reviewing and approving this policy bi-annually (or sooner if changes are recommended by the Policy Owner).
10 POLICY COMMUNICATION

<table>
<thead>
<tr>
<th>TYPE OF COMMUNICATION</th>
<th>COMMUNICATION TRIGGER</th>
<th>PARTY RESPONSIBLE FOR POLICY COMMUNICATION</th>
<th>AUDIENCE</th>
<th>ACKNOWLEDGMENT</th>
</tr>
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<tbody>
<tr>
<td>Combination of presentation and email</td>
<td>Initial Rollout of Policy</td>
<td>Director, IAD and VP, Organizational Effectiveness, Environment, Health &amp; Safety</td>
<td>Executives and Managers of Business Units</td>
<td>No</td>
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<tr>
<td>Combination of presentation and email</td>
<td>Initial Rollout of Policy</td>
<td>Managers of Business Units</td>
<td>All Employees</td>
<td>No</td>
</tr>
<tr>
<td>New Hire Policy Revision</td>
<td>Intranet Posting</td>
<td>VP, Organizational Effectiveness, Environment, Health &amp; Safety</td>
<td>All employees at the time hire sign off on Memo from Toronto Hydro and CUPE Local One dated August 27, 1999.</td>
<td></td>
</tr>
<tr>
<td>Annual Review</td>
<td>Email</td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hard Copy Provided</td>
<td></td>
<td></td>
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</tbody>
</table>

11 POLICY COMPLIANCE AND VIOLATIONS

11.1 Management is solely responsible for the discipline (up to and including termination) of employees, officers and directors in consultation with ELR. Any employee, officer or director who has committed an act(s) of Fraud/Theft will be subject to disciplinary action up to and including termination. Refer to Appendix A for the memo between Toronto Hydro and CUPE Local One on the understanding of this matter. Nothing in this policy shall be deemed to modify and/or amend the Memo from Toronto Hydro and CUPE Local One dated August 27, 1999.

11.2 Where an act(s) of Fraud/Theft is suspected of any employee, officer or director, the individual will be given notice of the essential particulars of the allegations following the conclusion of the investigation prior to the issuance of the disciplinary action, including termination.

11.3 The individual against whom allegations are being made will be given the opportunity to respond. This requirement is subject to any collective agreement provisions respecting the rights of employees in the disciplinary process.

11.4 During an investigation, no person covered by this policy shall:

- dismiss or threaten to dismiss an employee, who has acted in accordance with the requirements of the policy;
- discipline or suspend or threaten to discipline or suspend an employee, who has acted in accordance with the requirements of the policy;
- impose any penalty upon an employee who has acted in accordance with the requirements of the policy; or
- intimidate or coerce an employee, who has acted in accordance with the requirements of the policy.
12 RELATED LAWS, REGULATIONS AND DOCUMENTATION

12.1 Consult the Canadian Criminal Code online at http://canlii.org/ca/sla/c-46/.

12.2 See Appendix A – Memo from Toronto Hydro and CUPE Local One dated August 27, 1999.

The policy of Toronto Hydro is that any employee who steals from Toronto Hydro, its customers or co-workers, regardless of the value of the property, will be terminated.

David Scott, Vice President
Human Resources

CUPE Local One does not condone theft of any kind.

Bruno Silano
President, CUPE Local 1
Appendix C
Workplace Harassment Policy
# Workplace Harassment Policy

**Policy Owner:**
Vice President, Organizational Effectiveness,
Environment, Health & Safety

**Policy Approver:**
President & CEO of Toronto Hydro Corporation

**Version Approval Date:**
2011-07-20

**Last Review by PASC:**
2012-09-12

The most recent version of this policy can be obtained from
https://employees.torontohydro.com/policies_and_guidelines/org_effectiveness/index.cfm

The distribution of this policy is not restricted.

---

Anthony Haines
President & CEO, Toronto Hydro Corporation

**Date**
July 20, 2011
TABLE OF CONTENTS

1 DOCUMENT REVIEW & REVISION HISTORY .......................................................... 2
2 DISTRIBUTION HISTORY ............................................................................. 2
3 POLICY STATEMENT .................................................................................. 2
4 DEFINITIONS ............................................................................................... 3
5 SCOPE .......................................................................................................... 3
6 OBJECTIVES ................................................................................................. 4
7 REPORTING AND INVESTIGATING HARASSMENT ..................................... 4
8 RESPONSIBILITIES ...................................................................................... 5
9 POLICY COMPLIANCE, DISCIPLINE AND REPRISAL ............................. 5
10 POLICY ADMINISTRATION, OWNERSHIP AND APPROVAL .................. 6
11 POLICY COMMUNICATION ....................................................................... 7
12 RELATED LAWS, REGULATIONS AND DOCUMENTATION .................. 7

1 DOCUMENT REVIEW & REVISION HISTORY

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<th>Brief Description of Change</th>
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<td>2012-09-12</td>
<td>PASC</td>
<td>Reviewed.</td>
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<tr>
<td>V1.1</td>
<td>2012-09-12</td>
<td>All Employees through all facilities’ posting and the intranet at <a href="http://pluggedin.torontohydro.com/policy/Pages/0EHSPOlicies.aspx">http://pluggedin.torontohydro.com/policy/Pages/0EHSPOlicies.aspx</a></td>
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</tbody>
</table>

3 POLICY STATEMENT

3.1 Every Toronto Hydro employee has the right to work in a safe and respectful environment free from harassment. No one has to put up with harassment at Toronto Hydro for any reason, at any time. Likewise, no one has the right to harass anyone else at work, or in any situation related to employment. The purpose of this policy is to affirm Toronto Hydro’s commitment to the creation and promotion of a workplace environment free from harassment. Toronto Hydro will maintain a harassment training program to supplement this policy.
4 DEFINITIONS

<table>
<thead>
<tr>
<th>TERM</th>
<th>DEFINITION</th>
</tr>
</thead>
</table>
| Workplace Harassment| Workplace harassment means engaging in a "course of vexatious comment or conduct against a worker in a workplace - the comment or conduct must be known or ought reasonably to be known to be unwelcome. For the purposes of this policy, workplace harassment includes any verbal, written or physical behaviour or conduct that is offensive, threatening, intimidating, abusive or belittling in nature and that is unwelcome, un reciprocated and uninvited. The following are examples of activities that could constitute workplace harassment:  
(a) unwelcome practical jokes;  
(b) the use of unsuitable language in the workplace;  
(c) spreading gossip or rumours;  
(d) the reciting of sexist jokes;  
(e) inappropriate outbursts or displays of anger directed at others;  
(f) public ridicule;  
(g) tampering with a person's personal belongings or work equipment;  
(h) sexual harassment.  
Behaviours which appear to harass or discriminate based on prohibited grounds (race, ancestry, place of origin, colour, ethnic origin, citizenship, creed, sex, sexual orientation, gender identity, gender expression, age, marital status, family status or disability), as defined in the Ontario Human Rights Code, are subject to the provisions of this policy.  
*Note: Generally, a pattern of behaviour is required for a finding of harassment to be made. However, depending upon the severity and impact of the behaviour, a single significant incident may constitute harassment, if it is found to be sufficiently offensive, threatening or intimidating. To determine whether or not harassment has occurred, each situation must be examined reasonably and objectively, based on its specific facts. |
| Employee(s)         | Any employee, officer or director of Toronto Hydro Corporation or one of its Affiliates.                                                      |
| Toronto Hydro       | Toronto Hydro Corporation and its Affiliates.                                                                                           |
| Affected Person(s)  | See Definition in Section 5.1 below                                                                                                      |
| Reprisal            | Any act of retaliation, either direct or indirect                                                                                       |

5 SCOPE

5.1 This policy applies to all Employees. Where applicable, this policy also applies to any persons who are not Employees, but are individuals, including but not limited to subcontractors, consultants, clients, customers, domestic/intimate partners of Employees, repairpersons or vendors who are on Toronto Hydro premises or are
engaged in Toronto Hydro business or business-related events (collectively, "Affected Persons").

6 OBJECTIVES

The objectives of this policy are to:

6.1 respond to and reduce any and all instances of workplace harassment, and
6.2 ensure compliance with all applicable laws, regulations and orders.

7 REPORTING AND INVESTIGATING HARASSMENT

Reporting Harassment

7.1 An Employee who feels he/she is experiencing harassment in the workplace should inform the harasser that the behaviour is offensive and unwelcome and if possible, tell the harasser to stop. The Employee may wish to keep a written record of the date(s) and time(s) of the unacceptable behaviour, and witnesses to the incident(s), if any.

7.2 In the event the behaviour continues after the harasser has been advised the behaviour is offensive and unwelcome, a complaint of harassment should be made immediately by the Employee to his/her supervisor, manager or the Employee Labour Relations department. The individual receiving the complaint will immediately notify the Manager, Employee Labour Relations. The Manager, Employee Labour Relations or their designate will be responsible for the investigation.

7.3 Nothing in this policy prevents an Employee from filing an application with the Human Rights Tribunal of Ontario on a matter related to Ontario's Human Rights Code. An Employee also retains the right to exercise any other legal avenues that may be available, such as the grievance procedure for bargaining unit employees.

Investigating Harassment

7.4 The exact nature and method of investigation will be determined by the Manager, Employee Labour Relations or their designate and will depend on the particulars of the allegation. During the course of the investigation, the Manager, Employee Labour Relations or their designate, may take whatever interim steps he/she deems appropriate.

7.5 All investigations will involve obtaining information from the person who feels harassed, from the alleged harasser and possibly other relevant individuals. Refusal or failure to cooperate fully in an investigation may result in discipline, up to and including termination of employment.

7.6 Where an investigation involves allegations against an Employee that is a member of a bargaining unit, the Employee who is subject to the allegations will be afforded an opportunity to have a Union Steward present during any investigatory meetings the Employee is directed to attend.

7.7 If the complaint of harassment relates directly to the Manager, Employee Labour Relations, an objective member of the Management Team will run the investigation in his/her place.

7.8 To the extent possible, the investigation will be conducted in a timely manner and the resolution will be implemented, if necessary, as soon as possible.

7.9 After the investigation is completed, the complainant and the alleged harasser will be advised of the decision. If it is determined that an allegation of workplace harassment against an Employee is valid, appropriate corrective action will be taken (see Policy Compliance section below).
7.10 Confidentiality will be maintained throughout the investigation to the extent possible and consistent with the goal of a full and fair investigation.

8 RESPONSIBILITIES

8.1 All Employees
All Employees are responsible for:

(a) maintaining a safe and respectful work environment. In this regard, Employees will conduct themselves in a manner which demonstrates professional conduct, mutual respect for others and which honours diversity in the workplace;

(b) reporting acts of harassment that threaten or perceive to threaten a safe and respectful work environment;

(c) fully cooperating and being forthcoming with respect to any efforts to investigate and resolve matters arising under this policy.

8.2 Supervisors and Managers
In addition to the above, supervisors and managers are responsible for:

(a) acting as a role model for professional and responsible conduct;

(b) developing workplace arrangements that minimize the risk of workplace harassment;

(c) promoting a safe and respectful work environment;

(d) advising Employees who report to them of the requirements of this policy and of the proper procedures for reporting and responding to any reported violation of this policy;

(e) identifying training needs for employees;

(f) responding promptly to all reports of harassment.

9 POLICY COMPLIANCE, DISCIPLINE AND REPRISAL

Compliance

9.1 All Employees are required to comply with this policy.

Discipline

9.2 Toronto Hydro views workplace harassment as a very serious matter. Any Employee who fails to comply with this policy may be subject to disciplinary action, up to and including termination of employment.

9.3 Any Employee who misrepresents or fabricates evidence of a violation of this policy may be subject to disciplinary action, up to and including termination of employment. Disciplinary sanctions will not be imposed upon any individual who provides a statement or purported evidence of a violation of this policy in a reasonable and good faith belief that the statement or evidence is true.

9.4 Any Affected Person who violates this policy is subject to being barred from Toronto Hydro premises.
No Reprisal

9.5 Reprisal for any reasonable and good faith report of a violation of this policy is strictly prohibited.

9.6 Toronto Hydro will take all reasonable and practical measures to prevent Reprisals, threats of Reprisal or further harassment.

9.7 If the investigation reveals that an allegation is frivolous, vexatious or made in bad faith, or that evidence has been fabricated, employees may be subject to immediate disciplinary action, up to and including termination of employment.

9.8 Toronto Hydro will investigate and resolve reports or Reprisal in the same manner as reports of harassment.

10 POLICY ADMINISTRATION, OWNERSHIP AND APPROVAL

Policy Owner

10.1 This policy is owned by the Vice President, Organizational Effectiveness and Environment Health & Safety.

10.2 The Vice President, Organizational Effectiveness and Environment Health & Safety is responsible for:

(a) ensuring that this policy is comprehensive, clear and current;
(b) ensuring that this policy is implemented and communicated to the departments and staff that are impacted;
(c) ensuring ongoing compliance with this policy;
(d) approving any exceptions to this policy, as required;
(e) reviewing this policy as often as necessary, but at least annually;
(f) modifying, amending or rescinding this policy at any time.

Policy Approver

10.3 This policy is approved by the President & CEO of Toronto Hydro.

Designated Responsible Person (DRP)

10.4 This policy is managed by the Manager, Employee Labour Relations.

10.5 The Manager, Employee Labour Relations is responsible for:

(a) ensuring this policy is comprehensive, clear and current;
(b) immediately communicating any exceptions or violations of this policy to the Vice President, Organizational Effectiveness and Environment Health & Safety for approval upon review;
(c) reviewing this policy annually, or as new external legislation impacting this policy is implemented.
### 11 POLICY COMMUNICATION

<table>
<thead>
<tr>
<th>COMMUNICATION TRIGGER</th>
<th>TYPE OF COMMUNICATION</th>
<th>PARTY RESPONSIBLE FOR POLICY COMMUNICATION</th>
<th>AUDIENCE</th>
<th>ACKNOWLEDGEMENT?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial approval of policy; New Hire</td>
<td>Notice to all employees regarding posting of policy at all work locations and on Toronto Hydro intranet; Instruction on the Workplace Harassment policy to all Employees. Role out of training session to existing Employees and new hires.</td>
<td>Manager, Employee Labour Relations</td>
<td>All Employees</td>
<td>Attendance at information and instruction sessions</td>
</tr>
</tbody>
</table>

### 12 RELATED LAWS, REGULATIONS AND DOCUMENTATION

12.1 Refer to this Workplace Harassment Policy located on the intranet at

http://pluggedin.torontohydro.com/policy/Pages/OEEHSPolicies.aspx

12.2 Refer to the Toronto Hydro Violence Protection in the Workplace Policy whenever there are concerns about violence in the workplace

http://pluggedin.torontohydro.com/policy/Pages/OEEHSPolicies.aspx

12.3 Refer to a copy of the Ontario Human Rights Code at

http://www.e-laws.gov.on.ca/html/statutes/english/elaws_statutes_90h19_e.htm

12.4 Refer to the Occupational Health and Safety Act at

http://www.e-laws.gov.on.ca/html/statutes/english/elaws_statutes_90001_e.htm