



ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2024

February 26, 2025

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PART 1 - FORWARD-LOOKING INFORMATION

Certain information included in this AIF constitutes “forward-looking information” within the meaning of applicable securities legislation. The purpose of the forward-looking information is to provide the Corporation’s current expectations regarding future results of operations, performance, business prospects and opportunities and may not be appropriate for other purposes. All information, other than statements of historical fact, which address activities, events or developments that we expect or anticipate may or will occur in the future, are forward-looking information. The words “anticipates”, “believes”, “budgets”, “can”, “committed”, “continual”, “could”, “estimates”, “expects”, “focus”, “forecasts”, “further notice”, “future”, “impact”, “increasingly”, “intends”, “may”, “might”, “once”, “plans”, “propose”, “projects”, “schedule”, “seek”, “should”, “trend”, “will”, “would”, “objective”, “ongoing”, “outlook” or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking information, although not all forward-looking information contains these identifying words. The purpose of the forward-looking information (including any financial outlook) contained herein is to provide the Corporation’s current expectations regarding future results of operations, performance, business prospects and opportunities and readers are cautioned that such information may not be appropriate for other purposes. All forward-looking information is given pursuant to the “safe harbour” provisions of applicable Canadian securities legislation.

Specific forward-looking information in this AIF includes, but is not limited to, the statements relating to:

- expectations regarding THESL’s ability to continuously enhance the distribution system and its operations;
- ongoing and planned projects and/or initiatives, including Transform TO, Toronto Hydro’s climate action plan, and Climate Advisory Services;
- expectations related to workforce demographics;
- expectations regarding Toronto Hydro’s electricity distribution assets reaching the end of their operating lives;
- expectations regarding changes in future energy consumption; and
- legal proceedings in which Toronto Hydro is currently involved.

The forward-looking information reflects the Corporation’s current beliefs and is based on information currently available to the Corporation. The forward-looking information is based on estimates and assumptions made by the Corporation’s management in light of past experience and perception of historical trends, current conditions and expected future developments, as well as other factors that management believes to be reasonable in the circumstances, including, but not limited to, the amount of indebtedness of the Corporation, changes in funding requirements, the future course of the economy and financial markets, no unforeseen delays and costs in the Corporation’s capital projects, no unforeseen changes to project plans, no significant changes to the seasonal weather patterns in accordance with historical seasonal trends because of climate change, no unforeseen changes in the legislative and operating framework for electricity distribution in Ontario, the receipt of applicable regulatory approvals and requested rate orders, no unexpected delays in obtaining required approvals, the ability of the Corporation to obtain and retain qualified staff, materials, equipment and services in a timely and cost efficient manner, continued contractor performance, compliance with covenants, the receipt of favourable judgments, no unforeseen changes in electricity distribution rate orders or rate setting methodologies, no unfavourable changes in environmental regulation, the ratings issued by credit rating agencies, the level of interest rates and the Corporation’s ability to borrow and no significant event occurring outside the ordinary course of business. These factors are not intended to represent a complete list of the factors that could affect the Corporation; however, these factors should be considered carefully and readers should not place undue reliance on forward-looking information made herein.

The forward-looking information is subject to risks, uncertainties and other factors that could cause actual results to differ materially from historical results or results anticipated by the forward-looking information. The factors which could cause results or events to differ from current expectations include, but are not limited to:

- risks associated with the execution of THESL's capital and maintenance programs necessary to maintain the performance of aging distribution assets and make required infrastructure improvements, including to deliver a modernized grid and meet electrification requirements to achieve government net zero GHG emissions targets;
- risks associated with capital projects;
- risks associated with electricity industry regulatory developments and other governmental policy changes including factors relating to THESL's distribution activities and to climate change;
- risks associated with increased competition from regulated and unregulated entities;
- risks associated with information system security and with maintaining complex information technology systems;
- risks associated with maintaining the security of Toronto Hydro's information assets, including but not limited to the collection, use and disclosure of personal information;
- risks associated with the failure or breach of critical IT systems and applications;
- risk of external threats to THESL's facilities and operations posed by unexpected weather conditions caused by climate change and other factors;
- risks associated with changing weather patterns due to climate change and resultant impacts to electricity consumption based on historical seasonal trends, risks associated with terrorism and pandemics, and THESL's limited insurance coverage for losses resulting from these events;
- risk to Toronto Hydro's employees or the general public of serious/fatal injuries and illnesses relating to or impacting upon Toronto Hydro's activities;
- risks of municipal government activity, including the risk that the City could introduce rules, policies or directives, including those relating to net zero GHG emissions targets, that can potentially limit Toronto Hydro's ability to meet its business objectives, including as laid out in the Shareholder Direction principles;
- risks related to the available labour markets and the changing expectations of potential employees, and Toronto Hydro's potential inability to attract, train and retain skilled employees;
- risks associated with Toronto Hydro's reliance on third-party contractors for various critical services, including being unable to retain the necessary qualified external contracting forces relating to its capital, maintenance and reactive infrastructure program;
- risk that Toronto Hydro is not able to arrange sufficient and cost-effective debt financing to repay maturing debt and to fund capital expenditures and other obligations;
- risk that the Corporation is unable to maintain its financial health and performance at acceptable levels;
- risk that insufficient debt or equity financing will be available to meet the Corporation's requirements, objectives, or strategic opportunities;
- risk of downgrades to the Corporation's credit rating;
- risks related to the timing and extent of changes in prevailing interest rates and discount rates and their effect on future revenue requirements and future post-employment benefit obligations;
- risks arising from inflation, the course of the economy and other general macroeconomic factors;
- risk associated with the impairment to the Corporation's image in the community, public confidence or brand;
- risk associated with customer operations, including Toronto Hydro's ability to effectively meet the evolving needs and expectations of customers and a growing city;
- risk associated with the Corporation failing to meet its material compliance obligations under legal and regulatory instruments;
- risk that the presence or release of hazardous or harmful substances could lead to claims by third parties and/or governmental orders, and
- other factors which are discussed in more detail under the section entitled "Risk Management and Risk Factors" in the MD&A.

The Corporation cautions the reader that the above list of factors is not exhaustive, and there may be other factors that cause actual events or results to differ materially from those described in forward-looking information. Some of the other factors are discussed more fully under the section entitled “Risk Management and Risk Factors” in the MD&A.

All of the forward-looking information included in this AIF is qualified by the cautionary statements. Furthermore, unless otherwise stated, the forward-looking information contained herein is made as of the date hereof and the Corporation undertakes no obligation to revise or update any forward-looking information as a result of new information, future events or otherwise, except as required by law.

PART 2 - GLOSSARY OF DEFINED TERMS

In addition to terms defined elsewhere in this AIF, the below defined terms shall have the following meanings:

2020-2024 and 2025-2029 CIR Decision and Rate Order – has the meaning set forth under section 5.2 entitled “Rate Applications”.

2025-2029 CIR Application – has the meaning set forth under section 5.2 entitled “Rate Applications”.

Affiliate Relationships Code – refers to the Affiliate Relationships Code for Electricity Distributors and Transmitters that was published by the OEB and became effective on April 1, 1999, as amended.

AIF – refers to the Corporation’s Annual Information Form for the year ended December 31, 2024.

BNY Trust Company of Canada – refers to a wholly-owned subsidiary of The Bank of New York Mellon Corporation.

Board – refers to the board of directors of the Corporation.

BOMA BEST – refers to the Canadian environmental assessment and certification program launched by BOMA Canada in 2005.

BOMA Canada – refers to the Building Owners and Managers Association of Canada.

Building Emissions Reduction – refers to a measure of the reduction of GHG emissions from Toronto Hydro occupied work centres (measured in tonnes of carbon dioxide equivalent).

CAIDI – refers to the Customer Average Interruption Duration Index and is a measure (in hours) of the average duration of interruptions experienced by customers, not including MED. CAIDI represents the quotient obtained by dividing SAIDI by SAIFI.

Canadian Environmental Protection Act – refers to the *Canadian Environmental Protection Act, 1999* (Canada), as amended.

Capital Assets – refers to the sum of property, plant and equipment and intangible assets, net of accumulated depreciation and amortization. See note 6 and note 7 to the Consolidated Financial Statements.

CDM – refers to conservation and demand management.

CDS – refers to CDS Clearing and Depository Services Inc, a subsidiary of the Canadian Depository for Securities Limited, a for-profit corporation owned by the TMX Group.

CEO – refers to the President and Chief Executive Officer of the Corporation.

CFO – refers to the Executive Vice-President and Chief Financial Officer, or the employee fulfilling the role on an interim basis.

CIR – refers to Custom Incentive Rate-setting.

City – refers to the city incorporated under the *City of Toronto Act, 1997* (Ontario), as amended.

City Council – refers to Toronto City Council.

City Councillor – refers to a councillor of Toronto City Council.

Climate Advisory Services – refers to an unregulated business of the Corporation supporting the realization of the City's net zero strategy by facilitating and stimulating the growth of emerging local cleantech markets.

Consolidated Financial Statements – refers to the audited consolidated financial statements of the Corporation together with the auditors' report thereon and the notes thereto as at and for the years ended December 31, 2024 and December 31, 2023, a copy of which is available on the SEDAR+ website at [sedarplus.ca](https://www.sedarplus.ca).

Consumer Price Index – refers to the index measuring price movements published by Statistics Canada.

Copeland Station – refers to the Clare R. Copeland transformer station owned by THESL, formerly called "Bremner Station".

Corporation – refers to Toronto Hydro Corporation.

CPAB – refers to Canadian Public Accountability Board.

CP Program – refers to the commercial paper program established by the Corporation under which the Corporation issues commercial paper. See section 9.3 entitled "Credit Facilities".

DBRS – refers to Morningstar DBRS Limited, a credit rating agency.

Debentures – has the meaning set forth under section 9.2 entitled "Debentures".

DERs – refers to Distributed Energy Resources.

Distribution System Code – refers to the Distribution System Code that was published by the OEB on July 14, 2000, as amended.

Dividend Policy – refers to the Corporation's dividend policy set out in the Shareholder Direction as most recently amended on June 27, 2024.

EBITDA – refers to earnings before interest, taxes, depreciation and amortization.

EC – refers to Electricity Canada (formerly the Canadian Electricity Association).

ECA – refers to the Energy Conservation Agreement between Toronto Hydro and IESO, dated July 1, 2017.

EHSMS – refers to the Environment, Health and Safety Management System.

Electricity Act – refers to the *Electricity Act, 1998* (Ontario), as amended.

Electricity Property – refers to a municipal corporation's or an MEU's interest in real or personal property used in connection with generating, transmitting, distributing or retailing electricity.

Energy Competition Act – refers to the *Energy Competition Act, 1998* (Ontario), as amended.

Energy Consumer Protection Act – refers to the *Energy Consumer Protection Act, 2010* (Ontario), as amended.

Environmental Policy – refers to the policy applicable to all Toronto Hydro employees and contractors performing work on behalf of Toronto Hydro covering, amongst other things, core environmental principles by which Toronto Hydro is committed to conducting its business, as approved by the Board most recently at August 24, 2022 meeting.

Environmental Protection Act – refers to the *Environmental Protection Act, 1990* (Ontario), as amended.

ERM – refers to Enterprise Risk Management.

ESG – refers to environmental, social, and governance criteria that are factored into THESL's investment processes and decision-making.

Fire Protection and Prevention Act – refers to the *Fire Protection and Prevention Act, 1997* (Ontario), as amended.

Fleet Electrification – refers to the percentage of Toronto Hydro's fleet that is an electric vehicle, plug-in hybrid electric vehicle, or hybrid vehicle.

GAAP – refers to Generally Accepted Accounting Principles.

GHG – refers to Greenhouse Gas.

GRI – refers to Global Reporting Initiative.

Hydro One – refers to Hydro One Limited, Hydro One Inc. or Hydro One Networks Inc. and their respective subsidiaries, as appropriate.

ICD.D – refers to the designation granted by the Institute of Corporate Directors, through the Directors Education Program jointly developed by the Institute of Corporate Directors and the University of Toronto's Rotman School of Management.

ICM – refers to Incremental Capital Module. See section 4.3(e)(i) entitled "Rate Setting Mechanism" for more information.

Idling Time – refers to the number of hours Toronto Hydro vehicles spend idling without a power take-off engaged.

IEEE – refers to the Institute of Electrical and Electronic Engineers.

IESO – refers to the Independent Electricity System Operator.

IFRS – refers to International Financial Reporting Standards.

IRM – refers to Incentive Regulation Mechanism. See section 4.3(e)(i) entitled "Rate Setting Mechanism" for more information.

ISO – refers to the International Organization for Standardization.

ISO 14001:2015 – refers to ISO 14001:2015 Environmental Management Systems.

ISO 26000 – refers to ISO 26000 Social Responsibility.

ISO 45001:2018 – refers to ISO 45001:2018 Occupational Health and Safety Management Systems.

ISO 55001 – refers to ISO 55001:2014 Asset Management Systems.

IT – refers to Information Technology.

ITA – refers to the *Income Tax Act, 1985* (Canada), as amended.

J.D. – refers to the Juris Doctor degree.

KPI – refers to Key Performance Indicator.

kW – refers to a kilowatt.

kWh – refers to a kilowatt-hour.

LDC – refers to a local distribution company, a company responsible for distributing electricity in its OEB-licensed service territory.

Management's Discussion and Analysis or MD&A – refers to Management's Discussion and Analysis of Financial Condition and Results of Operations of the Corporation for the year ended December 31, 2024, a copy of which is available on the SEDAR+ website at [sedarplus.ca](https://www.sedarplus.ca).

MED – refers to Major Event Days as defined by IEEE Std 1366-2012, IEEE Guide for Electric Power Distribution Reliability Indices.

MEU – refers to a Municipal Electricity Utility as defined in the *Electricity Act, 1998* (Ontario) in the Province of Ontario.

Moody's – refers to Moody's Canada Inc, a credit rating agency.

MTN Program – refers to the medium term note program established by the Corporation under which the Corporation issues debentures pursuant to a short form base prospectus filed by the Corporation from time to time. See section 9.2 entitled "Debentures" for the debentures currently outstanding.

MW – refers to a megawatt.

Named Executive Officer or NEO – means, collectively, the Corporation's CEO, the CFO, and/or a person serving in either of those capacities during the year and the three additional most highly compensated executive officers of Toronto Hydro who were serving as executive officers as at December 31, 2024, and each individual who would be amongst the three most highly compensated executive officers for Toronto Hydro, but for the fact that such individual was not an executive officer on December 31, 2024, if any.

Oakville Hydro – refers to Oakville Hydro Electricity Distribution Inc.

OBCA – refers to the *Business Corporations Act, 1990* (Ontario), as amended.

Occupational Health and Safety Policy – refers to the policy applicable to all Toronto Hydro employees and contractors performing work on behalf of Toronto Hydro covering, amongst other things, a commitment to providing safe and healthy working conditions, as approved by the Board most recently at its August 19, 2024 meeting.

OEB – refers to the Ontario Energy Board.

OEB Act – refers to the *Ontario Energy Board Act, 1998* (Ontario), as amended.

OEFC – refers to the Ontario Electricity Financial Corporation.

OHSAS – refers to the Occupational Health and Safety Assessment Series.

OHSAS 18001 – refers to BS OHSAS 18001:2007, British Standard Occupational Health and Safety Assessment Series.

OMERS – refers to the Ontario Municipal Employees Retirement System, a multi-employer, contributory, defined benefit pension plan established in 1962 by the Province for employees of municipalities, local boards and school boards in Ontario.

OPA – refers to the Ontario Power Authority. Through amendments to the Electricity Act, the operations of the IESO and the OPA were merged under the name Independent Electricity System Operator on January 1, 2015, bringing together real-time operations of the grid with long-term planning, procurement and conservation efforts.

Open Access – refers to the opening of the Province's wholesale and retail electricity markets to competition pursuant to the requirement under the Electricity Act that transmitters and distributors of electricity in the Province provide generators, retailers and consumers with non-discriminatory access to their transmission and electricity distribution systems. Open Access commenced on May 1, 2002.

OPG – refers to Ontario Power Generation Inc.

OREC Act – refers to *Ontario Rebate for Electricity Consumers Act, 2016* (Ontario).

OSC – refers to the Ontario Securities Commission.

PCBs – refers to polychlorinated biphenyls, a synthetic chemical compound consisting of chlorine, carbon and hydrogen. PCBs are used primarily as insulating and cooling elements in electrical equipment. Secondary uses include hydraulic and heat transfer fluids, flame proofing adhesives, paints, sealants and cable insulating paper.

PILs – refers to the Payments In Lieu of Corporate Taxes regime contained in the Electricity Act pursuant to which MEUs that are exempt from tax under the ITA and the TA are required to make, for each taxation year, payments in lieu of corporate taxes to the OEFC. See note 25(o) and note 20 to the Consolidated Financial Statements.

PP&E – refers to property, plant and equipment.

Province – refers to the Province of Ontario.

PWU – refers to the Power Workers' Union.

Recycling Rate – refers to the percentage amount of solid, non-hazardous waste diverted from the landfill through recycling at work centres and stations.

Retail Settlement Code – refers to the Retail Settlement Code that was published by the OEB on December 13, 2000 and became effective on the commencement of Open Access (except with respect to "Service Agreements", as that term is defined in the Retail Settlement Code, which came into effect on March 1, 2001), as amended.

Revolving Credit Facility – refers to the Corporation's credit agreement with a syndicate of Canadian chartered banks which established a revolving credit facility. See section 9.3 entitled "Credit Facilities".

S&P Global Ratings – (previously Standard & Poor's) refers to a credit rating agency and a division of S&P Global.

SAIDI – means System Average Interruption Duration Index and is a measure (in hours) of the annual system average interruption duration for customers served, not including MED. SAIDI represents the quotient obtained by dividing the total customer hours of interruptions longer than one minute by the number of customers served.

SAIFI – means System Average Interruption Frequency Index and is a measure of the frequency of service interruptions for customers served, not including MED. SAIFI represents the quotient obtained by dividing the total number of customer interruptions longer than one minute by the number of customers served.

SEDAR+ – refers to the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval. SEDAR+'s website is sedarplus.ca.

Shareholder Direction – refers to the Shareholder Direction adopted by the Council of the City with respect to the Corporation, as amended and/or restated from time to time, pursuant to which the City has set out certain corporate governance principles with respect to the Corporation.

Smart Meter – refers to a metering device capable of recording and transmitting consumption information of a residential or general service customer.

Standard Supply Customers – refers to persons connected to an electricity distributor's distribution system who are not served by retailers or whose retailer is unable to sell them electricity or who request the distributor to sell electricity to them.

Standard Supply Service – refers to an electricity distributor's obligation to sell electricity to Standard Supply Customers, or to give effect to such rates as determined by the OEB under section 79.16 of the OEB Act.

Standard Supply Service Code – refers to the Standard Supply Service Code for Electricity Distributors that was published by the OEB on December 8, 1999 and became effective on the commencement of Open Access, as amended.

Stewardship Ontario – refers to a not-for-profit organization which operates the Blue Box and Orange Drop Programs under the authority of the *Waste-Free Ontario Act, 2016* (Ontario).

TA – refers to the *Taxation Act, 2007* (Ontario), as amended.

Technical Standards and Safety Act – refers to the *Technical Standards and Safety Act, 2000* (Ontario), as amended.

THESL – refers to the Corporation's wholly-owned subsidiary, Toronto Hydro-Electric System Limited.

TH Energy – refers to the Corporation's wholly-owned subsidiary, Toronto Hydro Energy Services Inc.

Toronto Hydro – refers to Toronto Hydro Corporation and its subsidiaries.

Total Recordable Injury Frequency – refers to the number of recordable injuries multiplied by 200,000 divided by exposure hours, as per EC standards.

TOU – refers to Time-Of-Use.

Transfer By-law – refers to By-law No. 374-1999 of the City made under section 145 of the Electricity Act pursuant to which the Toronto Hydro-Electric Commission and the City transferred their assets and liabilities and employees in respect of the electricity distribution system to THESL and in respect of electricity generation, co-generation and energy services to TH Energy. The Transfer By-law permits the Treasurer of the City to adjust the fair market value of the assets and the consideration paid in respect of the electricity distribution assets transferred to THESL as a consequence of OEB rate orders and permitted rates of return for 2000 or any subsequent year.

TransformTO – refers to the City's TransformTO Net Zero Strategy, which outlines a pathway to achieve net zero emissions in Toronto by 2040.

Transportation of Dangerous Goods Act – refers to the *Transportation of Dangerous Goods Act, 1992* (Canada), as amended.

Unit Smart Meter – refers to a unit Smart Meter installed by THESL in a unit of a multi-unit complex where the multi-unit complex is not connected solely to a bulk meter, and includes such other meters as may be prescribed by the Energy Consumer Protection Act.

Watt or W – refers to a common measure of electrical power. One Watt equals the power used when one ampere of current flows through an electrical circuit with a potential of one volt.

Working Capital Facility – refers to a \$20.0 million demand facility the Corporation entered into with a Canadian chartered bank for the purpose of working capital management. See section 9.3 entitled "Credit Facilities".

Unless otherwise specified, all references to statutes are to statutes of the Province and all references to dollars are to Canadian dollars.

PART 3 - CORPORATE STRUCTURE

3.1 Name, Address, Incorporation

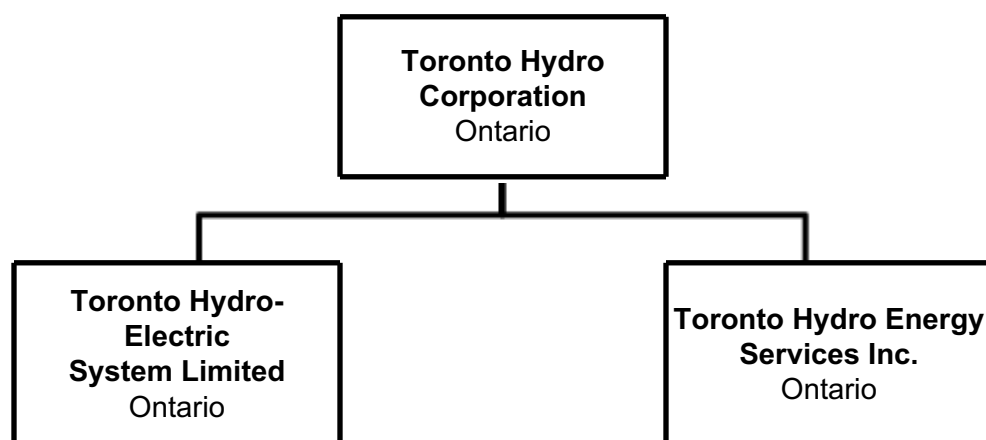
On January 1, 1998, the former municipalities of Metropolitan Toronto, Toronto, East York, Etobicoke, North York, Scarborough and York amalgamated to form the City. At the same time, the electric commissions of Toronto, East York, Etobicoke, North York, Scarborough and York were combined to form the Toronto Hydro-Electric Commission. Toronto Hydro is the successor to the Toronto Hydro-Electric Commission.

The Corporation, THESL and TH Energy were incorporated under the OBCA on June 23, 1999. Pursuant to the Transfer By-law, the Toronto Hydro-Electric Commission and the City transferred their assets and liabilities in respect of the electricity distribution system to THESL and electricity generation, co-generation and energy services to TH Energy.

The registered and head office of the Corporation is located at 14 Carlton Street, Toronto, Ontario, M5B 1K5.

3.2 Inter-corporate Relationships

The sole shareholder of the Corporation is the City. The Corporation, in turn, owns 100% of the shares of the subsidiaries listed below:



PART 4 - BUSINESS OF TORONTO HYDRO

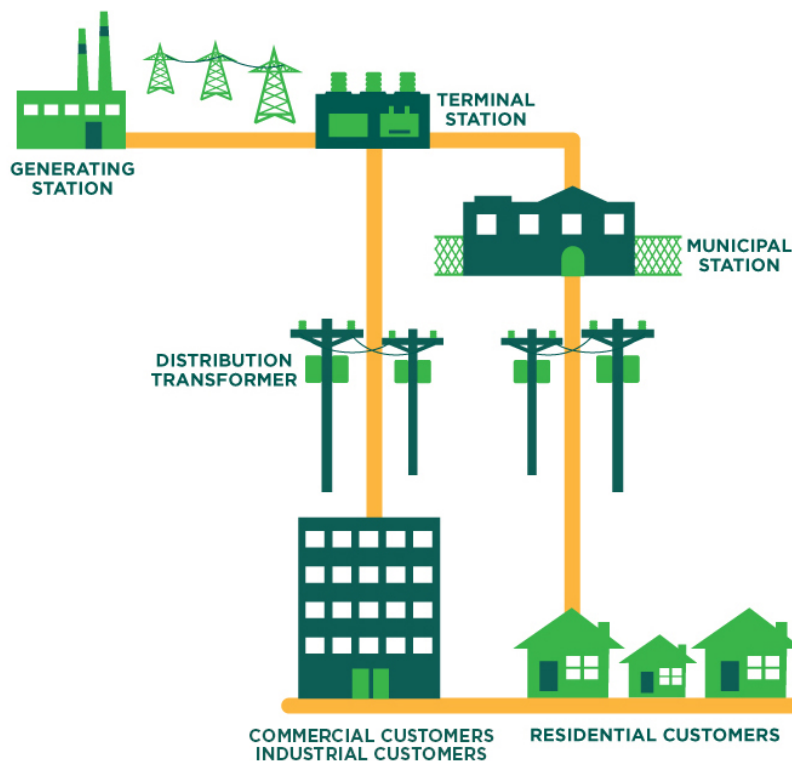
4.1 Industry Structure

A traditional centralized electricity industry 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 power lines; and
- Distribution - the delivery of electricity to homes and businesses within local areas using relatively low-voltage power lines.

Electricity produced at generating stations is boosted to high voltages by nearby transformers so that the electricity can be transmitted long distances over transmission lines with limited power loss. The voltage is then reduced (stepped down) at terminal stations for supply to electricity distributors or large customers. Electricity distributors carry the electricity to distribution transformers that further reduce the voltage for supply to local customers. Electricity is distributed in the Province through a network of local electricity distributors that includes municipal electricity distributors, privately owned electricity distributors and Hydro One. This traditional structure is evolving and has the potential to become more decentralized as local customers invest in DERs such as behind-the-meter generation facilities and energy storage systems. DERs connected directly to local electricity distribution grids can serve various functions ranging from selling power to the bulk or local electricity grid to providing reliability services and voltage control.

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



4.2 Toronto Hydro Corporation

Toronto Hydro Corporation is a holding company which wholly owns two subsidiaries:

- THESL – distributes electricity; and
- TH Energy – provides street lighting and expressway lighting services in the city of Toronto.

The Corporation supervises the operations of, and provides corporate, management services and strategic direction to its subsidiaries.

4.3 Toronto Hydro-Electric System Limited (THESL)

The principal business of Toronto Hydro is the distribution of electricity by THESL as a LDC. THESL owns and operates \$7.1 billion of Capital Assets comprised primarily of an electricity distribution system that delivers electricity to approximately 796,000 customers located in the city of Toronto. THESL serves the largest city in Canada and distributes approximately 18% of the electricity consumed in the Province.

(a) THESL's Electricity Distribution System

Electricity produced at generating stations is transmitted through transmission lines owned by Hydro One to terminal stations, at which point the voltage is then 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 (or stepped down) for supply to end use customers. Electricity typically passes through a meter before reaching a distribution board or service panel that directs the electricity to end use customers (and their circuits).

In addition to accommodating traditional power flows, THESL's distribution system is increasingly tasked with enabling the bi-directional flow of power due to the ongoing proliferation of DERs, including customer-owned solar installations and energy storage systems (e.g. lithium-ion battery systems) connected locally. To adapt to the operational complexities introduced by these technologies, THESL is continuously enhancing the distribution system and its control operations by implementing technologies (i.e. automated sensing and control technologies) that can manage real-time system performance (including safety and reliability) more efficiently and with greater precision.

THESL's electricity distribution system is serviced from two control centres and 37 terminal stations, and is comprised of approximately 16,720 primary switches, approximately 61,630 distribution transformers, 136 in-service municipal substations, 185,440 poles, approximately 15,349 circuit kilometres of overhead wires and approximately 14,043 kilometres of underground wires.

(i) Control Centres

THESL has two control centres. The control centres co-ordinate and monitor the distribution of electricity throughout THESL's electricity distribution assets, and provide isolation and work protection for THESL's construction and maintenance crews and external customers. THESL's control centres utilize supervisory control and data acquisition (SCADA) systems to monitor, operate, sectionalize and restore the electricity distribution system.

(ii) Terminal Stations

THESL receives electricity at its terminal stations which contain power transformers, high-voltage switching equipment, and lower-voltage equipment such as circuit breakers, switches and station busses.

One of THESL's largest capital initiatives is Copeland Station, construction of which was completed in 2019 in response to needs in the downtown core of the city of Toronto. Copeland Station is the first transformer station built in downtown Toronto since the 1960's and is the second underground transformer station in Canada. It provides electricity to buildings and neighbourhoods in the central-southwest area of downtown Toronto. Since construction was completed in 2019, continued growth in the downtown core necessitated an expansion of the station. This expansion was undertaken, and substantially completed in 2023.

(iii) *Distribution Transformers and Municipal Substations*

Electricity at distribution voltages is distributed from the terminal stations to distribution transformers that are typically located in buildings or vaults or mounted on poles or surface pads that are used to reduce or step down voltages to utilization levels for supply to customers. The electricity distribution system also includes in-service municipal substations that are located in various parts of the city of Toronto and are used to reduce or step down electricity voltage prior to delivery to distribution transformers. THESL also delivers electricity at distribution voltages directly to certain commercial and industrial customers that own their own substations.

(iv) *Wires*

THESL distributes electricity through a network of electrical circuits made up of a combination of overhead and underground wires.

(v) *Metering*

THESL provides its customers with meters which are used to measure electricity consumption and/or demand. THESL owns the meters and is responsible for the maintenance and accuracy.

As part of its metering services, THESL also installs Unit Smart Meters in multi-unit complexes that fall within the OEB's Competitive Sector Multi-Unit Residential rate class. As of December 31, 2024, THESL had installed approximately 95,500 Unit Smart Meters in these types of multi-unit complexes.

(vi) *Reliability of Distribution System*

The table below sets forth certain industry recognized measurements of system reliability with respect to THESL's electricity distribution system and the composite measures reported by THESL and EC for the 12-month periods ended December 31 in the years indicated below.

	THESL 2024	THESL 2023	EC 2023⁽¹⁾
SAIDI	1.04	0.88	5.88
SAIFI	1.48	1.42	2.77
CAIDI	0.70	0.62	2.12

Note:

(1) Data was extracted from the EC's 2023 Service Continuity Report on Distribution System Performance in Electrical Utilities, for all Canadian utilities, excluding significant events. At the date of this AIF, such report for the year 2024 has not been published by EC.

(b) THESL's Service Area and Customers

THESL is the sole provider of electricity distribution services in the city of Toronto, and serves approximately 796,000 customers. The City is the largest city in Canada with a population of approximately 3.0 million. The City is a financial centre with large and diversified service and industrial sectors.

The table below sets out THESL's customer classes and certain operating data with respect to each class for each of the years in the two-year period ended December 31, 2024:

	Year ended December 31	
	2024	2023
Residential Service ⁽¹⁾		
Number of customers	712,604	710,000
kWh	5,369,820,838	5,259,685,752
Revenue	\$1,129,989,916	\$1,006,241,100
% of total service revenue	29.3 %	28.5 %
General Service ⁽²⁾		
Number of customers	83,000	82,941
kWh	16,906,375,998	16,742,532,333
Revenue	\$2,485,528,043	\$2,323,191,911
% of total service revenue	64.4 %	65.9 %
Large Users ⁽³⁾		
Number of customers	53	48
kWh	1,878,925,357	1,696,212,673
Revenue	\$245,573,712	\$197,351,669
% of total service revenue	6.3 %	5.6 %
Total		
Number of customers	795,657	792,989
kWh	24,155,122,193	23,698,430,758
Revenue	\$3,861,091,671	\$3,526,784,680

Notes:

- (1) "Residential Service" means a service that is for domestic or household purposes, including single family or individually metered multi-family units and seasonal occupancy.
- (2) "General Service" means a service supplied to premises other than those receiving "Residential Service" and "Large Users" and typically includes small businesses and bulk-metered multi-unit residential establishments. This service is provided to customers with a monthly peak demand of less than 5,000 kW averaged over a 12-month period.
- (3) "Large Users" means a service provided to a customer with a monthly peak demand of 5,000 kW or greater averaged over a 12-month period.

(c) THESL's Real Property

The following table sets forth summary information with respect to the principal real property owned, leased or otherwise used by THESL as at December 31, 2024:

<u>Property</u>	<u>Total</u>
Terminal stations	37 sites
Municipal substations	136 sites
Decommissioned municipal substations	29 sites
Control centres ⁽¹⁾	2 sites
Operation centres ⁽²⁾	4 sites
Other ⁽³⁾	65 sites

Notes:

- (1) THESL's control centres are located within its operation centres.
- (2) THESL's operation centres accommodate office, staff, crews, vehicles, equipment and material necessary to operate and monitor the electricity distribution system.
- (3) Other properties include locations under construction, small work centres, surplus properties, and solar photovoltaic electric energy generation sites.

Under the OEB Act, electricity distributors may apply to the OEB for authority to expropriate land required in connection with new or expanded electricity distribution lines or interconnections. If, after a hearing, the OEB is of the opinion that the expropriation of land is in the public interest, the OEB may make an order authorizing expropriation upon payment of specified compensation. The Electricity Act grandfathered thousands of existing unregistered easements, principally for distribution over third-party lands. The Electricity Act also authorizes electricity distributors to locate assets on, over or under public streets and highways.

(d) Regulation of THESL

(i) *Legislative Framework*

The Electricity Act and the OEB Act provide the broad legislative framework for the Province's electricity market.

The Electricity Act requires electricity distributors to provide generators, retailers, market participants, and consumers with non-discriminatory access to distribution systems in Ontario in accordance with distribution licences. Furthermore, an electricity distributor is required to connect to its distribution system any building that lies along its distribution lines upon request. The Electricity Act also requires an electricity distributor to sell electricity to every person connected to its distribution system, effectively acting as the electricity supplier of last resort, except where the person connected opts out of such supply by the distributor.

Additionally, the Electricity Act requires electricity distributors in the Province to keep their distribution businesses separate from their other businesses.

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 and other transmitters. The OEB Act states that, subject to certain exceptions, THESL and other electricity distributors shall not carry on any business activity other than the distribution of electricity, except through

affiliated companies. As exceptions to the general restriction on its business activities, the OEB Act permits THESL to own and operate alternative, cleaner and renewable sources of energy and energy storage and provide additional services related to the promotion of CDM activities. As well, the OEB may in particular cases and circumstances authorize THESL to carry on a non-distribution business activity.

The Energy Consumer Protection Act, which came into force in 2011, enables and sets out the requirements relating to THESL's installation of Unit Smart Meters in multi-unit complexes and provides the rules regarding the manner in which Unit Smart Metered consumers are to be billed for their electricity consumption.

Since 2017, THESL has been providing financial assistance to eligible electricity consumers in accordance with the OREC Act. Pursuant to the applicable legislative requirements, THESL applies a credit (rebate) to the bills of eligible consumers and is reimbursed by the IESO for monthly total assistance amounts provided.

(ii) Licences

The OEB has granted THESL a distribution licence which is valid until June 26, 2043. The licence allows THESL to own and operate an electricity distribution system in the city of Toronto. Amongst other things, the licence provides that THESL must allow non-discriminatory access to its distribution system by a consumer, generator or retailer upon request and sell electricity in accordance with the Electricity Act, must keep financial records associated with distributing electricity separate from its financial records associated with other activities, may not impose charges for the distribution of electricity except in accordance with distribution rate orders approved by the OEB, and must comply with industry codes established by the OEB.

(iii) Industry Codes

The OEB has established the Affiliate Relationships Code, the Distribution System Code, the Retail Settlement Code, and the Standard Supply Service Code. These codes prescribe minimum standards of conduct, as well as standards of service, for electricity distributors in the non-competitive electricity market, and have been assigned the following ranking in the event there is a conflict between them:

- (1) Affiliate Relationships Code
- (2) Distribution System Code
- (3) Retail Settlement Code
- (4) Standard Supply Service Code

These codes are summarized below.

Affiliate Relationships Code

The Affiliate Relationships Code establishes standards and conditions for the interaction between electricity distributors and their affiliated companies. It is intended to minimize the potential for an electricity distributor to cross-subsidize competitive or non-monopoly activities, protect the confidentiality of consumer information collected by an electricity distributor and ensure that there is no preferential access to regulated services. The Affiliate Relationships Code prescribes standards of conduct for an electricity distributor with respect to the following: the degree of separation from affiliates; sharing of services and resources; transfer pricing; financial transactions with affiliates; equal access to services; and confidentiality of customer information.

Distribution System Code

The Distribution System Code establishes the minimum conditions that an electricity distributor must meet in carrying out its obligations to distribute electricity under its licence and under the Energy Competition

Act (which enacted the Electricity Act and the OEB Act), and has been amended as the regulatory environment has evolved. Generally, the Distribution System Code prescribes the rights and responsibilities of electricity distributors and electricity distribution customers with respect to the following: connections; connection agreements and conditions of service; expansion projects; alternative bids (available to customers for work otherwise done by an electricity distributor); metering; billing; distribution operations; disconnections and reconnections; customer service standards; security deposits; certain financial assistance programs; and regional planning.

Retail Settlement Code

The Retail Settlement Code outlines the minimum obligations of an electricity distributor with respect to its relationship with retail market participants such as retailers and consumers and the administration of service transaction requests where a competitive retailer provides service to a consumer, in accordance with the Electricity Act and the distribution licence. Under the terms of the Retail Settlement Code, an electricity distributor is required to do the following: unbundle the costs of competitive electricity services and non-competitive electricity services; record, in variance accounts, the difference between amounts billed by the IESO to the electricity distributor for competitive and non-competitive electricity services, and the aggregate amounts billed by the electricity distributor to consumers, retailers and others for the same services; provide electricity billing and settlement services to retailers and customers; process service transaction requests; and provide access to consumer information to retailers and consumers as prescribed.

Standard Supply Service Code

The Standard Supply Service Code requires an electricity distributor to act as a default supplier and provide Standard Supply Service to persons connected to the electricity distributor's distribution system in accordance with the Electricity Act. The Standard Supply Service Code also specifies the conditions and manner by which OEB approved Standard Supply Service rates are to be charged and billed to customers. Under the Standard Supply Service Code, an electricity distributor's rates for Standard Supply Service must be approved by the OEB and must consist of the price of electricity and an administrative charge that will allow the electricity distributor to cover its costs of providing the service.

(e) Distribution Rates

(i) Rate Setting Mechanism

The OEB's regulatory framework for electricity distributors is designed to support the cost-effective planning and operation of the electricity distribution network and to provide an appropriate alignment between a sustainable, financially viable electricity sector and the expectations of customers for reliable service at a reasonable price.

The OEB typically regulates the electricity rates for distributors using a combination of detailed cost of service reviews and custom index adjustments similar to IRM. A cost of service review uses a future test-year to establish rates, and provides for revenues required to recover the forecasted costs of providing the regulated service, and a fair and reasonable return on rate base (i.e., the aggregate of approved investment in PP&E and intangible assets excluding work in progress, less accumulated depreciation and amortization and unamortized capital contributions from customers, plus an allowance for working capital). Custom index adjustments are typically used for one or more years following a cost of service review and provide for adjustments to rates based on an inflationary factor net of a productivity factor and an efficiency factor as determined relative to other electricity distributors.

Administratively, the OEB currently regulates the electricity rates for distributors through one of three specific rate-setting methods: Price Cap Incentive Rate-setting (typically applicable to most distributors), CIR (typically applicable to distributors with large or highly variable capital requirements), and the Annual Incentive Rate-setting Index (typically applicable to distributors requiring limited rate adjustments). Under

each of these methods, the OEB also allows recovery of costs arising from significant events satisfying certain criteria which are considered external to the regulatory regime and beyond the control of management.

Under the Price Cap Incentive Rate-setting method, rates are set on a single forward test-year cost of service basis for the first year and indexed for four subsequent years through an industry-standard IRM adjustment. Under this method, the ICM is available to apply for incremental funding to address any additional capital investment needs that may arise during the term.

Under the CIR method, rates are set for a minimum period of five years, typically on a forward test-year cost of service basis for the first year with subsequent annual adjustments based on a distributor-specific custom index. The particular mechanics through which rates are set and adjusted are proposed by utilities and determined by the OEB on a case-by-case basis.

Under the Annual Incentive Rate-setting Index method, rates are set through an industry-standard IRM adjustment (using a limited form of the industry standard IRM formula) for one or more years.

Under each method, actual operating conditions may vary from forecasts such that actual achieved returns can differ from approved returns. Approved electricity rates are generally not adjusted as a result of actual costs or revenues being different from forecasted amounts, other than for certain prescribed costs that are eligible for deferral for future collection from, or refund to, customers.

See section 5.2 entitled “Rate Applications” for more information on THESL’s rate applications.

(f) Competitive Conditions

The OEB distribution licence issued to THESL stipulates a service area that reflects the territory within the city of Toronto. By law, only the OEB can grant such a licence for a service area and only an entity with such a licence can provide licensed services to the public-at-large within a service area. The OEB has not granted any other distribution licence that permits distribution within THESL’s service area. In addition to this regulatory barrier to entry, there are other barriers to entry, including the cost of constructing an electricity distribution system, physical space limitations within and legal access to the right-of-way, the specialized skills associated with the distribution business, the level of expertise required to achieve operational and regulatory compliance, and THESL’s relationships with its customers. Notwithstanding the existing barriers to entry, other regulated and unregulated entities have competed with THESL and its predecessors to provide customers with other sources of energy, including electricity. The pervasiveness of this competition and its particular effects on THESL’s distribution business have varied over time and are expected to continue to vary based on many factors, including the relative price of energy sources (e.g., natural gas, grid-supplied electricity, behind-the-meter generation), government-based policy and incentives (e.g., green energy generation and DERs), and technology advancements (e.g., micro-grids, behind-the-meter generation facilities, energy storage systems, virtual power).

4.4 Toronto Hydro Energy Services Inc. (TH Energy)

TH Energy owns and operates \$69.5 million of Capital Assets as of December 31, 2024. TH Energy owns certain street lighting assets located in the city of Toronto, and has an agreement with the City to provide street lighting system maintenance and capital improvement services to the City. Street lighting services are subcontracted to THESL by TH Energy

4.5 Environmental Matters

(a) Environmental Protection Requirements

Toronto Hydro is subject to extensive federal, provincial and local regulation relating to the protection of the environment. The principal federal legislation is the Canadian Environmental Protection Act which

regulates the use, import, export and storage of toxic substances, including PCBs and ozone-depleting substances. Toronto Hydro is also subject to the federal Transportation of Dangerous Goods Act which prescribes safety standards and requirements for the handling and transportation of hazardous goods including PCBs and sets reporting, training and inspection requirements relating thereto.

The principal provincial legislation is the Environmental Protection Act which regulates releases and spills of contaminants, including PCBs, ozone-depleting substances and other halocarbons, contaminated sites, waste management, and the monitoring and reporting of airborne contaminant discharge. The provincial Technical Standards and Safety Act also applies to Toronto Hydro's operations with respect to the handling of and training related to compressed gas, propane and liquid fuels. The provincial Fire Protection and Prevention Act requires Toronto Hydro to incorporate procedures and training for dealing with any spills of flammable or combustible liquids. The provincial Transportation of Dangerous Goods Act prescribes safety standards and requirements for the transportation of dangerous goods on provincial highways and sets out inspection requirements related thereto.

Municipal by-laws regulate discharges of industrial sewage and storm water run-off to the municipal sewer system and the reporting of the release of certain toxic substances into the environment.

(b) Financial and Operational Effects of Environmental Protection Requirements

In 2024, THESL spent approximately \$3.4 million to meet environmental protection requirements. This includes costs for hazardous and non-hazardous waste disposal, testing, asbestos abatement, site remediation, wood and concrete pole removal, manifest and tonnage fees, and Stewardship Ontario fees.

Toronto Hydro recognizes a liability for its best estimate of the future removal and handling costs for contamination in electricity distribution equipment in service. The liability is recognized when there is a present obligation, a probable outflow of resources and the amount can be estimated reliably. Actual future environmental costs may vary from the estimates used in the calculation.

(c) Environmental Policy and Oversight

Toronto Hydro has a strong commitment to the environment through the enforcement of a well-defined Environmental Policy. Conformance with the Environmental Policy is addressed through Toronto Hydro's Environment, Health and Safety department and Sustainability and Training department led by the Executive Vice-President and Chief Human Resources, Environment & Safety Officer. The content of the Environmental Policy is reviewed and approved annually by the Board.

Toronto Hydro's Environmental Policy identifies several core environmental principles, which include:

- Achieve net zero in our Scope 1 emissions and minimize Scope 2 emissions through direct action and supporting decarbonization by 2040;
- Allocate suitable and sufficient resources needed for the environmental management system. Management is responsible for the implementation of the Environmental Policy and must ensure that environmental issues are given adequate consideration in the planning and day-to-day supervision of all work;
- At a minimum, fulfil the organization's compliance obligations related to applicable environmental legislation and other environmental-related commitments approved by Toronto Hydro's executive;
- Continually improve the environmental management system to enhance environmental performance through the establishment and monitoring of annual objectives and associated actions, verifying attainment and correcting identified non-conformities;
- Engage and educate employees on the requirements of the Environmental Policy and the environmental management system, and provide required training and tools;
- Work constructively on environmental issues and with open dialogue with stakeholders including: providers of goods and services, customers, regulators, industry and the public

- to consider and mitigate, the environmental effects of our operations and support the decarbonization goals of the community aligned with TransformTO;
- Develop objectives, implement procedures or other actions, where practicable, to protect the environment, mitigate the potential adverse effects of climate change and other environmental conditions on the organization, and to act to eliminate or reduce, as far as practicable, any potentially adverse environmental impacts; and
- Integrate environmental risks and opportunities into our business processes considering a lifecycle perspective where possible.

THESL manages its environmental aspects in conformance with ISO 14001:2015 and was re-certified on January 7, 2025 as meeting the requirements of the ISO 14001:2015 standard by a third-party auditor. The certificate is valid until February 4, 2028. Throughout the certification period, Toronto Hydro will undertake annual third-party surveillance audits to verify the ISO 14001:2015 requirements continue to be met.

Legislative environmental reporting for federal, provincial and municipal governments is compiled and submitted in accordance with applicable obligations and authorities. Third party environmental compliance audits are also conducted biennially in conformance with THESL's environment, health and safety audit plan. The most recent environmental compliance audit was completed June 16, 2023.

Toronto Hydro's environmental policies, programs and procedures are reviewed and approved by management. Information on environmental performance, environmental risks, mitigation strategies and other material environmental matters are presented to the Sustainable Corporate Governance Committee of the Board as part of Toronto Hydro's regular update on ESG performance.

(d) Environmental, Social and Governance

Toronto Hydro operates substantially in conformance with ISO 26000, an internationally recognized social responsibility standard. The focus of Toronto Hydro's ESG and sustainability actions is guided in part by an external materiality study and may be supplemented with information obtained through customer surveys. Toronto Hydro's Board receives updates on Toronto Hydro's ESG performance through the Sustainable Corporate Governance Committee of the Board. This includes updates on performance related to climate change, environmental compliance and decarbonization metrics and targets as well as progress towards Toronto Hydro ESG-related goals, including those that are climate-related.

In 2022, a comprehensive ESG materiality assessment, leveraging internal and external stakeholders was conducted to identify the material ESG topics for Toronto Hydro that were used to guide Toronto Hydro's ESG activities. These material ESG topics were:

- Climate change mitigation and adaptation;
- Reduction of GHG emissions;
- Occupational health, safety and wellness;
- Transportation electrification;
- Ethics and integrity;
- Diversity, equity and inclusion;
- Service reliability; and
- Customer relationships and support.

In 2025 the materiality assessment is expected to be updated through a comprehensive engagement with internal and external stakeholders. The results of this updated materiality assessment will be used to inform Toronto Hydro's ESG activities through 2028.

In 2014, Toronto Hydro was one of the earliest Canadian electrical utilities to receive the prestigious "Sustainable Electricity Leader" designation. This designation is issued by EC to organizations following a successful third-party assessment of documented evidence that demonstrates an organization's

conformance to ISO 26000, ISO 14001:2015, and integration of ESG and sustainability requirements into the organization's supply chain. Toronto Hydro has maintained this designation continuously since 2014. Further details on Toronto Hydro's activities in respect of ISO 14001:2015 can be found under section 4.5(c) entitled "Environmental Policy and Oversight".

Starting in 2013-2014, Toronto Hydro has reported publicly on its ESG and sustainability performance, substantially in conformance with the requirements of the GRI and electric utility sector-specific guidelines. The GRI Sustainability Reporting Standards are generally considered to be the most widely adopted global standards for sustainability reporting. In 2020, Toronto Hydro began reporting substantially in conformance with the requirements of the GRI on an annual basis and has begun to include metrics from the Sustainability Accounting Standards Board. In 2023, Toronto Hydro began reporting substantially in conformance with the recommendations from the Task Force on Climate-Related Financial Disclosures.

Specifically, with respect to its environmental objectives, these reports aim to aid stakeholders in understanding how oversight processes may translate into tangible climate-related accomplishments and details the Corporation's activities in:

- Enabling climate action;
- Reducing GHG emissions;
- Leading environmental initiatives;
- Renewable energy (and enabling infrastructure);
- Energy security;
- Climate change adaptation; and
- Emergency preparedness.

Toronto Hydro has a robust process for establishing and approving key metrics to challenge the performance of the organization and support the drive for continual improvement. Toronto Hydro has met the established targets for the following ESG metrics since 2017: Recycling Rate, Total Recordable Injury Frequency, Idling Time and SAIDI. Since 2022, Toronto Hydro has monitored its progress to achieving net-zero GHG emissions by 2040 through two metrics: Building Emissions Reduction and Fleet Electrification.

Since 2018, Toronto Hydro has been a signatory to Electricity Human Resources Canada's Leadership Accord on Diversity, Equity and Inclusion and since 2021, a supporter of Catalyst, a global non-profit organization. These partnerships, affirm the organization's commitment to advance governance, education and best practices to achieve an equitable and diverse workforce with opportunities for growth and development. Leading and creating a culture of inclusivity has continued to be a focus of leadership development program design for all leadership levels.

Through collaborations with EC and local colleges and universities, the focus of Toronto Hydro's continuous efforts has been on the promotion and mentorship of women to pursue educational programs in electrical engineering fields of study to avail a gender diverse talent pipeline to fulfill short and long-term workforce staffing and succession management requirements.

As of the date of this AIF, 64% (7 out of 11) of the members of the Corporation's Board, 67% (2 out of 3) of the executive officers of the Corporation and 50% (3 out of 6) of the executive officers of THESL are female. As of December 31, 2024, 30% of the workforce is female, inclusive of the executive officers.

Toronto Hydro has received recognition for its leadership in ESG and climate change adaptation from multiple sources for several years, including being recognized 11th in 2024 on the Corporate Knights' Best 50 Corporate Citizens in Canada list and second amongst electricity transmission and distribution companies. Also, three of Toronto Hydro's four work centres have been certified as meeting BOMA Canada's requirements for building environmental standards (BOMA BEST).

Overall, Toronto Hydro continues to strive to achieve zero injuries and remain a sustainable electricity company. Toronto Hydro regularly monitors and assesses aspects of its environmental performance in an effort to reduce its environmental footprint and improve efficiency. Toronto Hydro also enables customers to be part of the shift to a sustainable economy by connecting renewable power and energy storage to the grid; facilitating the use of electrified transportation; and offering online billing to reduce paper consumption.

4.6 Additional Information Regarding Toronto Hydro

(a) Employees

At December 31, 2024, Toronto Hydro had approximately 1,410 employees. Included in Toronto Hydro's employees are 512 members of bargaining units represented by PWU and 92 professional engineers and 71 IT professionals represented by the Society of United Professionals. The PWU collective agreements govern inside and outside employees for a five-year period beginning February 1, 2022 and expiring January 31, 2027. The Society of United Professionals Engineers collective agreement spans a five-year period, from January 1, 2024, expiring December 31, 2028. The IT professionals represented by the Society of United Professionals have a five-year collective agreement for a period beginning January 1, 2021 and expiring December 31, 2025.

Full time permanent employees of Toronto Hydro are required to participate in the OMERS pension plan. Both participating employers and participating employees are required to make equal plan contributions based on participating employees' eligible contributory earnings. Optional participation has been expanded by OMERS to all fixed term contract employees, including students of Toronto Hydro. Plan benefits are determined based on a formula that considers the highest 5-year average contributory earnings and the number of years of service. For benefits earned prior to January 1, 2023, the pension benefits at retirement are indexed to increases in the Consumer Price Index, subject to an annual maximum of 6%. Any increase in the Consumer Price Index above 6% per year is carried forward for later years. Effective January 1, 2023, OMERS introduced Shared Risk Indexing, and pension payments from benefits earned on or after January 1, 2023 will be subject to indexation as determined by OMERS based on the financial health of the OMERS plan. All obligations to make payments to retirees under the OMERS pension plan are the responsibility of OMERS.

In addition to OMERS, Toronto Hydro provides other employment and post-employment benefits to employees, including medical, dental and life insurance benefits. See note 25(m) and note 13 to the Consolidated Financial Statements.

(b) Specialized Skills and Knowledge

Certified and skilled trades and designated and technical professional roles are important in the safe and reliable design, construction, maintenance, restoration and customer connections to support THESL's electricity distribution system operations. Toronto Hydro hires a mix of experienced workers and new graduates to perform a variety of technician, technologist, engineering, information technology and corporate professional roles. Technician and technologist apprenticeships require between four and six years to become fully competent and capable of performing all aspects of their job. THESL provides specialized knowledge and technical programs, on the job learning and legislative and compliance training to support entry to the organization and throughout the apprenticeship program for required skills and knowledge outcomes.

(c) Health and Safety

Toronto Hydro is committed to a healthy, safe and injury free work environment for all employees, contractors, visitors and the public. THESL manages its health and safety management system in conformance with ISO 45001:2018 and was re-certified on January 7, 2025 as meeting the requirements of the ISO 45001:2018 standard by a third-party auditor. The certificate is valid until February 4, 2028.

Throughout the certification period, Toronto Hydro will undertake annual third-party surveillance audits to verify the ISO 45001:2018 requirements continue to be met.

Through THESL's EHSMS, THESL maintains and reviews procedures, programs and the Occupational Health and Safety Policy which outlines several core principles including:

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

Toronto Hydro's health and safety performance, occupational health and safety risks, mitigation strategies and other occupational health and safety matters are reviewed periodically by the Human Resources and Safety Committee of the Board as part of Toronto Hydro's regular update on ESG performance.

The Total Recordable Injury Frequency rate for 2024 was 0.48, compared to 0.30 in 2023.

THESL's legislated occupational health and safety requirements come under provincial jurisdiction exclusively and all legislated occupational health and safety reporting requirements are complied with. Management assurance that these requirements are met is accomplished by commissioning third party health and safety compliance and management system audits conducted biennially in conformance with THESL's environmental, health and safety audit plan. The most recent health and safety compliance audit was completed on June 14, 2024.

Toronto Hydro's occupational health and safety policies, programs and procedures are reviewed and approved by management, and the Occupational Health and Safety Policy is reviewed and approved annually by the Board.

(d) Code of Business Conduct and Whistleblower Procedure

All employees, officers and directors of Toronto Hydro are required to comply with the principles set out in the Code of Business Conduct and Whistleblower Procedure (the Code), which was originally implemented by Toronto Hydro in 2003, and is reviewed, revised and approved by the Board from time to time. The Code provides guidance to all employees in situations of potential perceived conflict of interest. All employees, officers and directors of Toronto Hydro are required to complete training in respect of the Code and sign an attestation in accordance with the Code upon commencement of employment and every three years thereafter. From 2025, training will be completed annually.

The Code provides for the appointment of an Ethics Officer and establishes a direct hotline to the Ethics Officer by which perceived violations of the principles set out in the Code may be reported, anonymously or otherwise. Where the complaint involves the conduct of a director or officer of Toronto Hydro, the Ethics Officer is required to report it to the Chair of the Human Resources and Safety Committee of the Board, or, where such conduct relates to questionable auditing or accounting matters, to the Chair of the Audit Committee of the Board, who oversees the investigation of that complaint. In addition to the provisions of the Code, the Ethics Officer reports quarterly to the Human Resources and Safety Committee of the Board on the nature of complaints received and the Director, Internal Audit and Compliance reports quarterly to the Audit Committee on matters related to audit and accounting. A copy of Toronto Hydro's Code of Business Conduct and Whistleblower Procedure is available on the SEDAR+ website at [sedarplus.ca](https://www.sedarplus.ca).

(e) Insurance

Toronto Hydro's current insurance policies provide coverage for a variety of losses and expenses which might arise from time to time, including:

- commercial general liability insurance;
- all risk property, boiler and machinery insurance;
- automobile liability insurance;
- directors and officers' liability insurance;
- cyber insurance;
- crime insurance; and
- insurance covering loss or damage on certain physical assets.

Toronto Hydro believes that the coverage, amounts and terms of its insurance arrangements mitigate risks to the Corporation and are consistent with industry practice.

(f) Intangible Property

The Corporation owns various intangible assets, such as computer software systems used in the course of business, and intellectual property, including the "Toronto Hydro" brand name and the trademark Toronto Hydro & Star Design. The Corporation also owns the trademark POWERSHIFT®.

(g) Seasonal Effects

Toronto Hydro's revenues, all other things being equal, are impacted by temperature fluctuations and unexpected weather conditions, including increased frequency of extreme weather events as a result of climate change, such as heat waves, intense rain events, snow storms and higher average temperatures. Generally, revenues would tend to be higher in the first quarter as a result of higher energy consumption for winter heating, and in the third quarter due to air conditioning/cooling. Toronto Hydro's revenues are also impacted by fluctuations in electricity prices and the timing and recognition of regulatory decisions.

(h) Cybersecurity

Toronto Hydro, as an operator of critical infrastructure, is exposed to risks related to cyberattacks, information security breaches and unauthorized access to its systems. As Toronto Hydro focuses on modernizing its distribution system and increasing its automation and interactivity, the incorporation of a greater level of technology and information systems into its infrastructure could make the distribution system more susceptible to external cyberattack. Toronto Hydro has implemented security controls substantially aligned with industry best practices and standards, including the National Institute of Standards and Technology Cybersecurity Framework and the OEB's Ontario Cyber Security Framework, and maintains cyber insurance.

Preventative controls are employed to protect information and technology assets against cyberattacks and mitigate their effects. Toronto Hydro maintains close coordination with industry partners, agencies and technology vendors who provide near real-time threat intelligence. Detective controls are also employed to continuously monitor information systems so that Toronto Hydro can respond appropriately to minimize the damage in the event of a cyberattack. Additionally, in respect of Toronto Hydro's operational technology systems in general, controls are in place which mitigate against wider systemic risk to business systems. In addition, Toronto Hydro has developed robust processes for assessment of third-party providers and contractors that interact with its information technology systems, and has contractual protection and technical safeguards in place to safeguard against third-party risks. In connection with overseeing the management of these risks, the board of directors of THESL and the Board receive comprehensive updates on the cybersecurity environment and Toronto Hydro's cybersecurity program and responses.

PART 5 - GENERAL DEVELOPMENT OF THE BUSINESS

5.1 Business Operations

(a) Three Year History

The following table sets forth selected annual financial information of the Corporation for the three years ended December 31, 2024, 2023 and 2022. This information has been derived from the Consolidated Financial Statements and is presented in millions of dollars.

	Year ended December 31		
	2024	2023	2022
Net income after net movements in regulatory balances	\$130.3	\$139.9	\$163.9
Capital expenditures	\$882.4	\$755.0	\$722.7
Total assets and regulatory balances	\$8,134.8	\$7,594.5	\$6,947.0
Total equity	\$2,200.0	\$2,103.6	\$2,062.0

(b) Business Operations

Over the past three years, Toronto Hydro continued to focus its business operations on THESL's core business of distributing electricity.

5.2 Rate Applications

On December 19, 2019, the OEB issued its 2020-2024 CIR Decision, and on February 20, 2020, the OEB issued its CIR Final Rate Order, both in relation to the rate application filed on August 15, 2018 (together, the 2020-2024 CIR Decision and Rate Order). The 2020-2024 CIR Decision and Rate Order approved funding for capital and operating expenditures of approximately \$3.8 billion for the 2020-2024 period. The 2020-2024 CIR Decision and Rate Order approved subsequent annual rate adjustments based on a custom index for the period commencing on January 1, 2021 and ending on December 31, 2024.

On August 25, 2023, THESL filed the 2024 rate application seeking the OEB's approval to finalize distribution rates and other charges for the period commencing on January 1, 2024 and ending on December 31, 2024. On December 14, 2023, the OEB issued a decision and rate order approving THESL's 2024 rates and providing for other deferral and variance account dispositions.

On November 17, 2023, THESL filed a CIR application seeking the OEB's approval of electricity distribution rates and charges effective January 1, 2025, and subsequent annual rate adjustments based on a custom index specific to THESL for the period commencing on January 1, 2026 and ending on December 31, 2029 (2025-2029 CIR Application).

On November 12, 2024, the OEB issued its 2025-2029 CIR Decision, and on December 12, 2024, issued its CIR Final Rate Order (together, the 2025-2029 CIR Decision and Rate Order), both in relation to the 2025-2029 CIR Application. The 2025-2029 CIR Decision and Rate Order approved the negotiated settlement proposal as filed, final electricity distribution rates for the first year of the five-year rate period effective January 1, 2025, a custom incentive rate-setting index for the period commencing on January 1, 2026 and ending on December 31, 2029 and the final clearance of various deferral and variance account balances for the 2020-2024 period through rate riders. The 2025-2029 CIR Decision and Rate Order approved funding for capital and operating expenditures of approximately \$5.1 billion for the 2025-2029 period. The financial considerations of the OEB's 2025-2029 CIR Decision and Rate Order are reflected in the Consolidated Financial Statements including disclosure of approved disposition for a number of requested rate riders. The approved rates for 2025 were implemented on January 1, 2025.

5.3 Toronto Hydro Climate Action Plan

In April 2021, City Council requested that Toronto Hydro prepare an action plan regarding what more Toronto Hydro could do to support the City's TransformTO vision and climate action targets. Toronto Hydro submitted its Climate Action Plan in September 2021 and its first Climate Action Plan Status Report in June 2022. In July 2022, City Council adopted the recommendations of these reports, including a request that Toronto Hydro establish a new climate advisory services business. At this meeting, City Council also directed that Toronto Hydro and the City enter into a memorandum of understanding with respect to coordinating City and Climate Advisory Services' climate mitigation efforts. The memorandum of understanding was signed in April 2023 and presented to City Council in May 2023.

Climate Advisory Services is designed to facilitate reductions in GHG emissions via electrification by reducing stakeholder-identified barriers that prevent or inhibit customers from participating in the energy transition. The Climate Action Plan sets out examples of these services to customers, including to: identify their situation-specific opportunities; help in choosing particular climate actions and the timing of implementation; provide recommendations on potential clean tech products and services to vendors; assist in applying for government or institutional funding such as grants and/or loans; remove barriers faced by low income customers; as well as assist with monitoring implementation and evaluating the results. In sum, Toronto Hydro employees use their knowledge and experience to ease and support the energy transition for customers.

PART 6 - RELATIONSHIP WITH THE CITY

6.1 Shareholder Direction

As sole shareholder of the Corporation, the City has adopted the Shareholder Direction that sets out the following corporate governance principles with respect to Toronto Hydro:

- the objectives and principles that govern the operations of Toronto Hydro;
- the matters in addition to those set out in the OBCA that require the approval of the City as the sole shareholder of the Corporation; and
- certain financial and administrative arrangements between the Corporation and the City.

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.

(a) Shareholder Objectives and Principles

The Shareholder Direction provides that the following objectives and principles shall govern the operations of Toronto Hydro:

- to operate Toronto Hydro on an efficient and commercially prudent basis;
- to optimize the City's return on equity as the sole shareholder of the Corporation and operate Toronto Hydro with a view to meeting the financial performance objectives of the City as set out in the Shareholder Direction;
- to provide a reliable, effective and efficient electricity distribution system that supports the electricity demands of residents and businesses in the City;
- to operate Toronto Hydro in an environmentally responsible manner consistent with the City's energy, climate change and urban forestry objectives and, as appropriate, utilizing emerging green technologies;
- to ensure that the business is managed in material compliance with all law; and
- to engage in recruitment and procurement practices designed to attract employees and suppliers from the City's diverse community.

The Shareholder Direction provides that the Board is responsible for determining and implementing the appropriate balance among these objectives and principles and for causing Toronto Hydro to conduct its affairs in accordance with the same.

(b) Shareholder Approval

In addition to those matters set out in the OBCA, the following matters, among others, require the approval of the City as the sole shareholder of the Corporation:

- subject to certain exceptions in the case of THESL, creating any security over the assets of the Corporation or THESL;

- in the case of THESL, providing any financial assistance to any person other than in accordance with the Shareholder Direction;
- in the case of the Corporation and THESL, making any investment in or providing any financial assistance to any subsidiary of the Corporation (other than THESL), other than trade payables incurred in the ordinary course of business on customary terms and an investment in or financial assistance to a subsidiary that originally was an investment in or financial assistance to THESL, in excess of 12% of the shareholder's equity of THESL as shown in its most recent financial statements; and
- acquiring any interest in the electricity distribution system, undertaking or securities of a distributor operating outside the City unless, among other things, the acquisition does not adversely affect the dividend payable to the City and there is no dilution of the City's shareholding in the Corporation.

The City has authorized the Corporation to provide financial assistance to its subsidiaries for the purpose of enabling them to carry on their respective businesses, including, in the case of THESL, for the purpose of satisfying the prudential requirements of the IESO. The Shareholder Direction limits the financial assistance that may be provided by the Corporation to its subsidiaries to an aggregate amount of \$500.0 million, except in the case of THESL, which financial assistance is unlimited.

(c) Financial Performance

The Shareholder Direction provides that the Board will use its best efforts to ensure that Toronto Hydro meets certain financial performance standards, including those relating to the credit rating and dividends.

(d) Credit Rating

The Shareholder Direction provides that the Corporation will obtain and maintain a rating of A minus or higher (or its equivalent rating, depending on the credit rating agency) on its senior debt securities, as rated by two accredited credit rating agencies in Ontario (which include S&P Global Ratings, DBRS and Moody's). See section 9.4 entitled "Credit Ratings" for more information on the Corporation's credit ratings as at December 31, 2024.

(e) Dividends

In accordance with the Dividend Policy passed on June 28, 2017, and subject to applicable law, the Shareholder Direction provided that the Corporation was to pay dividends to the City each year amounting to 60% of the Corporation's consolidated net income after net movements in regulatory balances for the prior fiscal year. The dividend is declared quarterly, subject to the discretion of the Board of Directors, and is payable to the City by the last business day of each fiscal quarter.

The Board declared and paid dividends to the City totaling \$84.6 million in 2022, \$98.3 million in 2023, and \$83.9 million in 2024.

The board of directors of THESL declared and paid dividends to the Corporation of \$nil in 2022, \$25.3 million in 2023 and \$95.8 million in 2024.

The board of directors of TH Energy declared and paid \$nil dividends to the Corporation in 2022, 2023, and 2024.

On June 28, 2024, the City and the Corporation approved amendments to Toronto Hydro's Shareholder Direction, which set out for reduced dividends from the Corporation to the City for the period between 2025 and 2034.

Subject to restrictions, duties and obligations under law, targeted fixed dividends payable by the Corporation to the City, for each of the fiscal year stated below will be as follows, and are to be made in four equal installments on the last business day of each fiscal quarter of the Corporation:

Fiscal Year (in millions of Canadian dollars)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Targeted dividends	60.0	40.0	20.0	—	75.0	—	—	—	75.0	75.0

The amendments to the Dividend Policy came with the City of Toronto agreeing to make new equity investments in Toronto Hydro totaling \$300.0 million, including a one-time upfront special equity investment of \$50.0 million made on December 16, 2024 and multi-tranche annual equity contribution of \$25.0 million over 10 years beginning in 2025 (\$25.0 million was received on January 2, 2025).

On February 25, 2025, the board of directors of THESL declared a dividend in the amount of \$22.9 million, payable to the Corporation by March 31, 2025.

On February 26, 2025, the Board declared a dividend in the amount of \$15.0 million, payable to the City by March 31, 2025.

6.2 Services Provided to the City

Toronto Hydro provides certain services to the City at commercial and regulated rates, including street lighting services. Ongoing street lighting services are provided by TH Energy and sub-contracted to THESL. See section 4.4 entitled “Toronto Hydro Energy Services Inc. (TH Energy)” for more information. See note 22 to the Consolidated Financial Statements.

6.3 Shareholder Engagement

The Corporation believes that regular and constructive engagement with the City, its sole shareholder, is an important part of creating an open, candid and informed dialogue. In addition to the Corporation’s annual shareholder meetings, representatives of the Corporation engage with the City through formal attendance at City Council meetings and other engagements with the Mayor, City Councillors and City management throughout the year as required. Other means of communications with the City include the Corporation’s annual and quarterly financial and management reports, and ward-specific updates.

PART 7 - TAXATION

7.1 Tax Regime

The Corporation is exempt from tax under the ITA, if not less than 90% of its capital is owned by the City and not more than 10% of its income is derived from activities carried on outside the municipal geographical boundaries of the City. In addition, the Corporation's subsidiaries are also exempt from tax under the ITA provided that all of their capital is owned by the Corporation and not more than 10% of their respective income is from activities carried on outside the municipal geographical boundaries of the City. A corporation exempt from tax under the ITA is also exempt from tax under the TA.

The Electricity Act provides that an MEU that is exempt from tax under the ITA and the TA is required to make, for each taxation year, a PILs payment to the OEFC in an amount equal to the tax that it would be liable to pay under the ITA and the TA if it were not exempt from tax. The Corporation and each of its subsidiaries are MEUs for purposes of the PILs regime contained in the Electricity Act, and therefore, the Corporation is required to make PILs to the OEFC.

If the Corporation or a subsidiary ceases to be exempt from tax under the ITA and the TA, it will become subject to tax under those statutes, will no longer be required to make PILs payments to the OEFC, and will be deemed to have disposed of its assets for proceeds of disposition equal to their fair market value at that time and to have reacquired its assets at the same amount with the result that:

- such corporation would become liable to make a PILs payment in respect of any income or gains (PILs calculated on capital gains are deemed to be zero between January 1, 2016 and before January 1, 2029) arising as a result of these deemed dispositions; and
- the amount of annual taxes payable by the corporation under the ITA, and the TA may be different from the PILs payment that would be payable without a loss of tax-exempt status to reflect, among other things, the consequences of these deemed dispositions and acquisitions.

The Electricity Act also provides that a municipal corporation or an MEU is required to pay a transfer tax when it transfers Electricity Property. An interest in Electricity Property includes any interest in a corporation, partnership or other entity that derives its value in whole or in part from Electricity Property. The transfer tax is the prescribed percentage (22% for transfers occurring between January 1, 2016 and December 31, 2024, 0% for transfers occurring between January 1, 2025 and before January 1, 2029, and 33% for transfers occurring thereafter) of the fair market value of the interest transferred. The amount of transfer tax payable where the interest that is transferred is an interest in a corporation, partnership or other entity, is calculated in accordance with a special rule. The amount of transfer tax payable by an MEU on a transfer of Electricity Property may be reduced by:

- any PILs payment made by the MEU in respect of the part of the taxation year up to and including the date that the transfer takes place or a previous taxation year;
- any amount that the MEU has paid as tax under Part III of the TA in respect of the part of the taxation year up to and including the date of the transfer or a previous taxation year; and
- any amounts that the MEU would be liable to pay as tax under Part I of the ITA in respect of the taxation year if that tax were computed on the basis that the MEU had no income other than the capital gain realized on the transfer of its interest in the property.

Transfers of Electricity Property will be an excluded transfer and thereby exempt from the transfer tax if made to an MEU, Hydro One or OPG, or a subsidiary of either of them if the transferee is exempt from tax under the ITA at the time of transfer.

In addition, a refund of transfer tax may be made where such tax had been paid on the sale or transfer of Electricity Property and where the proceeds of that transfer were reinvested in certain other capital or depreciable assets used in connection with generating, transmitting, distributing or retailing electricity in Ontario and, subject to certain deeming rules, before the end of the second taxation year following the taxation year in which the liability to pay the transfer tax arose.

PILs payments are deductible in computing the transfer tax only to the extent that they have not been previously applied to reduce transfer tax payable by a municipal corporation or an MEU.

7.2 PILs Recoveries through Rates

The OEB's Filing Requirements for Electricity Distribution Rate Applications provides for electricity distribution rate adjustments to permit recoveries relating to PILs payments. These recoveries are recalculated and submitted for recovery by THESL in each cost of service or rebasing distribution rate application. THESL is also generally at risk for variances between forecasted and actual PILs paid, excluding variances arising from changes in tax legislation not assumed in the setting of rates for the period in question, which variances are disposed of through deferral accounts under cost of service, IRM or CIR. See note 8(o) to the Consolidated Financial Statements.

PART 8 - RISK FACTORS

Risk Management

Details on risks faced by Toronto Hydro are found under the section entitled "Risk Management and Risk Factors" in the MD&A.

PART 9 - CAPITAL STRUCTURE

9.1 Share Capital

The authorized capital of the Corporation consists of an unlimited number of common shares with no par value. On December 16, 2024, the Corporation issued 28 common shares to the City for total proceeds of \$50.0 million in respect of a one-time equity subscription. As of December 31, 2024, 1,228 common shares were issued and outstanding. On January 2, 2025, the Corporation issued 14 common shares to the City for total proceeds of \$25.0 million in relation to an annual equity contribution from the City. See notes 16 and 26 to the Consolidated Financial Statements.

9.2 Debentures

As at December 31, 2024, the Corporation had the following debentures (the Debentures) outstanding, which have been issued pursuant to its MTN Program:

- \$200.0 million of 5.54% Series 6 senior unsecured debentures due May 21, 2040;
- \$245.0 million of 3.96% Series 9 senior unsecured debentures due April 9, 2063;
- \$200.0 million of 4.08% Series 10 senior unsecured debentures due September 16, 2044;
- \$200.0 million of 3.55% Series 11 senior unsecured debentures due July 28, 2045;
- \$200.0 million of 2.52% Series 12 senior unsecured debentures due August 25, 2026;
- \$200.0 million of 3.485% Series 13 senior unsecured debentures due February 28, 2048;
- \$200.0 million of 2.43% Series 14 senior unsecured debentures due December 11, 2029;
- \$200.0 million of 2.99% Series 15 senior unsecured debentures due December 10, 2049;
- \$200.0 million of 1.50% Series 16 senior unsecured debentures due October 15, 2030;
- \$150.0 million of 2.47% Series 17 senior unsecured debentures due October 20, 2031;
- \$200.0 million of 3.27% Series 18 senior unsecured debentures due October 18, 2051;
- \$300.0 million of 4.95% Series 19 senior unsecured debentures due October 13, 2052;
- \$250.0 million of 4.61% Series 20 senior unsecured debentures due June 14, 2033;
- \$200.0 million of 5.13% Series 21 senior unsecured debentures due October 12, 2028;
- and
- \$250.0 million of 3.99% Series 22 senior unsecured debentures due September 26, 2034.

The Debentures are not listed, posted for trading, or quoted on any stock exchange or quotation system.

The Debentures have been issued under the CDS book entry system administered by CDS with BNY Trust Company of Canada as trustee. Accordingly, a nominee of CDS is the registered holder of the Debentures and beneficial ownership of the Debentures is evidenced through book entry credits to securities accounts of CDS participants (e.g., banks, trust companies and securities dealers), who act as agents on behalf of beneficial owners who are their customers, rather than by physical certificates representing the Debentures.

9.3 Credit Facilities

The Corporation is a party to an amended and restated credit agreement dated November 17, 2023 (as amended) with a syndicate of Canadian chartered banks which provides for a revolving credit facility in an amount up to \$1.0 billion (Revolving Credit Facility), of which up to \$210.0 million is available in the form of letters of credit. On September 18, 2024, the maturity date of the Revolving Credit Facility was extended from September 18, 2028 to September 18, 2029. Borrowings under the Revolving Credit Facility bear interest at fluctuating rates plus an applicable margin based on the Corporation's credit rating.

The Revolving Credit Facility contains certain covenants, including a requirement that the Corporation's debt to capitalization ratio not exceed 75%. As at December 31, 2024, the Corporation was in compliance with all covenants included in its Revolving Credit Facility.

The Corporation has a CP Program allowing up to \$1.0 billion of unsecured short-term promissory notes to be issued in various maturities of no more than one year. The CP Program is supported by liquidity facilities available under the Revolving Credit Facility; hence, available borrowing under the Revolving Credit Facility is reduced by the amount of commercial paper outstanding at any point in time. Proceeds from the CP Program are used for general corporate purposes. Borrowings under the CP Program bear interest based on the prevailing market conditions at the time of issuance.

The amount available under the Revolving Credit Facility as well as outstanding borrowings under the Revolving Credit Facility and CP Program are as follows:

	Revolving Credit Facility Limit	Revolving Credit Facility Borrowings	Commercial Paper Outstanding	Revolving Credit Facility Availability
December 31, 2024	\$ 1.0 billion	—	\$ 480.0 million	\$ 520.0 million
December 31, 2023	\$ 1.0 billion	—	\$ 421.0 million	\$ 579.0 million

Additionally, the Corporation is a party to a \$100.0 million demand facility with a Canadian chartered bank for the purpose of issuing letters of credit.

The Corporation is a party to a \$20.0 million demand facility with a second Canadian chartered bank for the purpose of working capital management.

For the year ended December 31, 2024, the average aggregate outstanding borrowings under the Corporation's Revolving Credit Facility, Working Capital Facility and CP program were \$642.7 million with a weighted average interest rate of 4.73%.

As at December 31, 2024, \$5.2 million had been drawn under the Working Capital Facility and \$54.3 million of letters of credit had been issued under the demand facility.

9.4 Credit Ratings

As at December 31, 2024, the credit ratings of the Corporation were as follows:

	DBRS		S&P Global Ratings	
	Credit Rating	Trend	Credit Rating	Outlook
Issuer rating	A	Stable	A+	Stable
Debentures	A	Stable	A+	-
Commercial paper	R-1 (low)	Stable	-	-

DBRS rates long-term debt instruments by rating categories ranging from a high of "AAA" to a low of "D". All rating categories other than AAA and D also contain the subcategories "(high)" and "(low)" to indicate relative standing within the major rating categories. The absence of either a "(high)" or "(low)" designation indicates the rating is in the middle of the category. An A rating is the third highest of the ten rating categories. Long-term debt instruments which are rated in the "A" category by DBRS are considered to be of good credit quality, with substantial capacity for the payment of financial obligations. Entities in the "A" category may be vulnerable to future events, but qualifying negative factors are considered manageable.

DBRS rates short-term debt instruments by rating categories ranging from a high of “R-1 (high)” to a low of “D”. An R-1 (low) rating is the third highest of the ten rating categories. Short-term debt instruments which are rated in the “R-1 (low)” category by DBRS are considered to be of good credit quality, with substantial capacity for the payment of financial obligations. Entities in the “R-1 (low)” category may be vulnerable to future events, but qualifying negative factors are considered manageable.

S&P Global Ratings rates long-term debt instruments by rating categories ranging from a high of “AAA” to a low of “D”. Ratings from “AA” to “CCC” may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. An A+ rating is the at the upper end of the third highest of the ten rating categories. Long-term debt instruments which are rated in the “A+” category by S&P Global Ratings are considered somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories; however, the obligor’s capacity to meet its financial commitment on the obligation is still strong.

Credit ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities. A+ rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating agency.

For the years ended December 31, 2024 and 2023, payments were made to both DBRS and S&P Global Ratings for credit rating services only.

PART 10 - DIRECTORS AND OFFICERS

10.1 Changes to the Corporation's Board of Directors

On June 25, 2024, the terms of Howard Wetston, Heather Zordel, Michael Nobrega and Mary Ellen Richardson as directors of the Corporation ended.

On June 26, 2024, City Council extended the appointment of David McFadden as member and chair of the Corporation's Board of Directors and also on the same date, appointed the following candidates to the Corporation's Board of Directors: Michael Eubanks, James Hinds, Ersilia Serafini, Sheila Block, Joyce McLean and Ken Neumann.

On December 17, 2024, City Council appointed Brian Topp and Councillor Rachel Chernos Lin to the Corporation's Board of Directors. Mr. Topp was also appointed as Chair of the Board upon nomination by the City effective as of December 19, 2024, replacing David McFadden. Mr. Topp's term on the Board ends on June 27, 2026, or the effective date of the appointment of a successor. Deputy Mayor Jennifer McKelvie and Councillor Dianne Saxe were re-appointed as directors of the Corporation by City Council on December 17, 2024, with each of their terms and that of Councillor Chernos Lin lasting until November 14, 2026, or the effective date of the appointment of a successor.

10.2 Nomination of Directors

As at the date of this AIF, the Board consists of eleven directors all of whom are appointed by the sole shareholder of the Corporation, the City. Appointments of citizen (non-City Councillor) members to the Board are made pursuant to the City of Toronto Public Appointments Policy, which sets out a process and framework for the recruitment and selection of suitable candidates to serve as board members of agencies and corporations of the City.

Pursuant to the Shareholder Direction, in electing directors to the Board, the City gives due regard to the qualifications of a candidate, including: experience or knowledge; commercial sensitivity and acumen; independence of judgment; and personal integrity. Among the experience and knowledge qualifications that the City may give due regard to in accordance with the Shareholder Direction are, without limitation: experience on public utility commissions or boards of major corporations or other commercial enterprises and/or the completion of formal training in directorship / governance; corporate finance; corporate governance; market development; large system operation and management; urban energy industries; and public policy issues and laws relating to Toronto Hydro, the electricity industry, environmental matters, labour relations and occupational health and safety issues. The City may also utilize the skills matrix prepared by Toronto Hydro as referenced under section 10.3(b) below. Each citizen director is elected to serve for a term as identified in the appointment or until his or her successor is appointed, and may be elected for a maximum of four consecutive terms for a maximum of eight consecutive years or such longer term until a successor is appointed. The terms of all current citizen directors expire upon the effective date of the appointment of their successors unless re-appointed. Each City Councillor director is elected to serve for two years or until his or her successor is elected. As at the date of this AIF, female directors constituted 64% (7 out of 11) of the members of the Corporation's Board.

10.3 Committees of the Board of Directors

The Board had established three standing committees (Audit Committee, Sustainable Corporate Governance Committee, and Human Resources and Safety Committee) as shown in the following chart.

Board of Directors		
Audit Committee	Sustainable Corporate Governance Committee	Human Resources and Safety Committee
James Hinds (Chair) Nicole Martin Sheila Block	Nicole Martin (Chair) Ersilia Serafini Joyce McLean Councillor Dianne Saxe	Michael Eubanks (Chair) Deputy Mayor Jennifer McKelvie Councillor Rachel Chernos Lin Ersilia Serafini Ken Neumann

(a) Audit Committee

The Audit Committee is responsible for overseeing the adequacy and effectiveness of financial reporting, accounting systems, internal financial control structures, corporate compliance program reporting and financial risk management systems. The Audit Committee reviews the Corporation's quarterly and annual financial statements as well as financial statements and related press releases prepared in connection with the requirements of applicable regulatory authorities, reviews the audit plans of the external auditors, oversees the internal audit of the Corporation, reviews and makes recommendations to the Board with respect to the payment of dividends or distribution of capital by the Corporation, and recommends the external auditor to the Board for appointment by the Corporation's sole shareholder. The Audit Committee is also responsible for overseeing components of financial risk within the Corporation. The Audit Committee also receives updates on Toronto Hydro's insurance programs. See Part 11 entitled "Audit Committee" below for further information on the Audit Committee.

(b) Sustainable Corporate Governance Committee

The Sustainable Corporate Governance Committee is responsible for considering and making recommendations to the Board with respect to matters relating to government relations and public policy ESG-related matters, and the corporate governance of Toronto Hydro, including board and committee composition and mandates, and guidelines for assessing the effectiveness of the Board and its committees and procedures to ensure that the Board functions independently from management.

In recognizing Toronto Hydro's commitment to sustainability, environmental protection, and good governance, the Sustainable Corporate Governance Committee also oversees ESG-related program governance and performance, and sustainability matters. In terms of its responsibilities regarding corporate social impact, the Sustainable Corporate Governance Committee also reviews with Management material developments and potential risks in government relations and public policy, the Corporation's energy policy strategies and advocacy and related stakeholder management as set out in periodic reporting.

As part of its governance function, the Sustainable Corporate Governance Committee develops and reviews a skills matrix for all potential director candidates, which is then forwarded to the Corporation's sole shareholder by the Board for use in its director appointment process. The skills matrix incorporates best practice elements while considering the unique requirements of Toronto Hydro in order to identify key skills required of directors and help to ensure that these skills are accounted for among current and prospective directors. The skills matrix also takes into account diversity considerations, with a view to

ensuring that the Board benefits from the broader exchange of perspectives made possible by diversity of backgrounds, as well as thought, skills and experience.

The Sustainable Corporate Governance Committee also nominates independent candidates for appointment to the board of directors of THESL for approval by the Corporation's Board as required by the Affiliate Relationships Code. The Sustainable Corporate Governance Committee reviews and approves orientation and education materials and programs for new and current directors undertaken by management.

(c) Human Resources and Safety Committee

The Human Resources and Safety Committee is responsible for reviewing and assisting the Board in overseeing the recruitment and assessment of the CEO and the compensation of the CEO, reviewing and approving the compensation of the executive officers, and reviewing and making recommendations to the Board regarding the compensation structure and benefit plans and programs of Toronto Hydro. The Human Resources and Safety Committee is responsible for reviewing and approving for recommendation to the Board the parameters of collective bargaining negotiations. The Human Resources and Safety Committee is also responsible for the oversight of health and safety related matters and processes and reviewing the efforts of Toronto Hydro to advance a proactive safety culture within the Corporation. See section 12.1(a) entitled "Human Resources and Safety Committee" for further information on the Human Resources and Safety Committee.

(d) Other Committees

The Board also has a Steering Committee, consisting of the Chair of the Board and the Chairs of the respective standing committees, to assist the Board and its standing committees in fulfilling their responsibilities by providing timely guidance on emerging, time-sensitive, significant issues arising with respect to matters that overlap with the mandates of the standing Board committees. The Steering Committee does not replace any of the functions of the Board or its standing committees unless otherwise expressly delegated by the Board from time to time. The role of the Steering Committee is to provide advice and recommendations to the respective Board committees(s) that will enable them to successfully carry out their responsibilities and ultimately properly advise and make recommendations to the Board.

Further, the Board may establish ad-hoc committees from time to time for a specific task or subject matter.

10.4 Directors

The following summaries set forth, for each of the directors of the Corporation, the director's name, province and country of residence, the date on which the person became a director and the expiry date of the director's current term, the director's relevant education and experience, principal occupations within the five preceding years and board memberships with other reporting issuers. The following tables also summarize the attendance of individual directors at the Board and standing committee meetings held during 2024 and 2025 as of the date of this AIF. See section 10.1 entitled "Changes to the Corporation's Board of Directors" for more information on the Corporation's Board of Directors.

Brian Topp, Chair of the Board

Ontario, Canada

Director since: December 19, 2024

Expiry of current term: June 27, 2026, or effective date of appointment of a successor director

Brian Topp is Chair of the Board of the Broadbent Institute, a not-for-profit foundation dedicated to public policy research and training. He is a partner at GT and Company, a consultancy. He lectures at McGill's Max Bell School of Public Policy, and is a Fellow at the Public Policy Forum. Mr. Topp previously served as Chief of Staff to Alberta Premier Rachel Notley; as Deputy Chief of Staff to Saskatchewan Premier Roy Romanow. He was a member of the Government of Canada's North American Free Trade Agreement Advisory Committee. Mr. Topp is a graduate from McGill University.

Principal Occupation:

Partner at GT and Company

Board/Committee Membership

	2025 Attendance ⁽¹⁾	
Board	1 of 1	100%

Board Memberships for other Reporting Issuers:

None

Note:

(1) 2025 attendance is for the period of January 1, 2025 to the date of this AIF.

Sheila Block

Ontario, Canada

Director since: June 26, 2024

Expiry of current term: June 27, 2027, or effective date of appointment of a successor director

Sheila Block is an economist who has worked for research institutes, the labour movement and the Ontario government. A focus of her research has been public finance at the provincial and municipal levels. Ms. Block is on the board of the my65+ retirement savings plan, and was on the board of the Canada-Wide Industrial Pension Plan, Central Toronto Community Health Centre and University Pension Plan. Ms. Block has a Bachelor of Arts in Economics from the University of British Columbia and a Master of Arts in Economics from the University of Toronto. Ms. Block's career has given her broad and extensive experience regarding financial reporting, which assists with her ability to serve as an independent member of the Audit Committee.

Ms. Block currently serves as a member of the Board of Directors THESL.

Principal Occupation:

Corporate Director

Board/Committee Membership

	2024 Attendance	
Board	4 of 4 ⁽¹⁾	100%
Audit Committee	4 of 4 ⁽²⁾	100%
	2025 Attendance ⁽³⁾	
Board	1 of 1	100%
Audit Committee	1 of 1	100%

Board Memberships for other Reporting Issuers:

None

Notes:

- (1) Sheila Block was appointed to the Board on June 26, 2024. 2024 attendance was reported for the period Ms. Block was actively serving on the Board.
- (2) Sheila Block was appointed to the Audit Committee on August 6, 2024. 2024 attendance was reported for the period Ms. Block was actively serving on the Board.
- (3) 2025 attendance is for the period of January 1, 2025 to the date of this AIF.
-

Joyce McLean
Ontario, Canada

Director since: June 26, 2024
Expiry of current term: June 27, 2027, or effective date of appointment of a successor director

Joyce McLean has a significant environmental background as a policymaker and communicator. For almost 40 years, she has engaged in climate and environmental policy development, electricity system reform and community engagement. Her work experience includes 17 years at Toronto Hydro in a variety of management positions, five years as a provincial government political staff member, consultancy self-employment, 10 years of advocacy for an international environmental organization and work as a freelance writer/journalist. Ms. McLean has served on the boards of the Greenbelt Foundation, the Canadian Wind Energy Association, the Community Power Fund, GreenSaver and the Great Lakes Water Quality Board.

Ms. McLean currently serves as a member of the Board of Directors of TH Energy.

Principal Occupation:
Corporate Director

Board/Committee Membership

	2024 Attendance	
Board	4 of 4 ⁽¹⁾	100%
Corporate Governance and Nominating Committee	2 of 2 ⁽²⁾	100%
	2025 Attendance ⁽³⁾	
Board	1 of 1	100%
Sustainable Corporate Governance Committee	1 of 1	100%

Board Memberships for other Reporting Issuers:
None

Notes:

- (1) Joyce McLean was appointed to the Board on June 26, 2024. 2024 attendance was reported for the period McLean was actively serving on the Board.
- (2) Joyce McLean was appointed to the Corporate Governance and Nominating Committee (now Sustainable Corporate Governance Committee) on August 6, 2024. 2024 attendance was reported for the period Ms. McLean was actively serving on the Board.
- (3) 2025 attendance is for the period of January 1, 2025 to the date of this AIF.
-

Ken Neumann
Ontario, Canada

Director since: June 26, 2024
Expiry of current term: June 27, 2027, or effective date of appointment of a successor director

Ken Neumann is a former National Director for the United Steelworkers (USW) (2004–2022). In his various positions in the union, he directed and managed pan-Canadian and global projects and programs dealing with environmental matters, diversity, equity and inclusion, and occupational health and safety issues, as well as labour relations and community outreach. His 45 years of experience in the USW has enabled him to sit on a number of boards across the country playing a key role in a wide variety of sectors, from telecommunications, railways and mining, to forestry, manufacturing and the university sector. Mr. Neumann's background has defined him as a labour activist, but he brings a broad perspective informed and enhanced by his involvement in tri-partite (government, labour and industry) initiatives bringing together partners in the mining and steel sectors to address training and education of the current labour force, the adjustment/transition of laid-off workers and international trade issues. Mr. Neumann helped found and sits on the Board of the Pacific Coast University for Workplace Health Sciences, the first university of its kind committed to reducing the human, social and economic costs of disability, and the Board of the National Institute of Disability Management and Research. In 2022, Mr. Neumann was honoured with the University of Toronto's Sefton-Williams Award, recognizing his considerable contributions to the labour movement and Canadian labour relations landscape. Through Mr. Neumann's broad range of experience in senior posts with major organizations, he has strong familiarity with compensation systems and related benefit programs and performance management systems.

Mr. Neumann currently serves as a member of the Board of Directors of THESL.

Principal Occupation:
Corporate Director

Board/Committee Membership

	2024 Attendance	
Board	4 of 4 ⁽¹⁾	100%
Human Resources and Environment Committee	3 of 3 ⁽²⁾	100%
	2025 Attendance ⁽³⁾	
Board	1 of 1	100%
Human Resources and Safety Committee	1 of 1	100%

Board Memberships for other Reporting Issuers:
None

Notes:

- (1) Ken Neumann was appointed to the Board on June 26, 2024. 2024 attendance was reported for the period Mr. Neumann was actively serving on the Board.
 - (2) Ken Neumann was appointed to the Human Resources and Environment Committee (now Human Resources and Safety Committee) on August 6, 2024. 2024 attendance was reported for the period Mr. Neumann was actively serving on the board.
 - (3) 2025 attendance is for the period of January 1, 2025 to the date of this AIF.
-

Michael Anthony Eubanks

Ontario, Canada

Director since: November 27, 2020

Expiry of current term: June 27, 2026, or effective date of appointment of a successor director

Mr. Eubanks is an executive with significant experience in technology leadership. He is an Executive Vice-President and the Chief Information Officer of goeasy Ltd., a reporting issuer in all Canadian provinces, which provides leasing and lending services. Mr. Eubanks is also a member of the Board of Directors of Allstate Insurance Company of Canada. Prior to his employment with goeasy Ltd., Mr. Eubanks was the Chief Information Officer at the Liquor Control Board of Ontario (LCBO) and the Ontario Cannabis Store. Prior to that Mr. Eubanks served in progressive leadership roles focused on technology in the retail industry having worked for Canadian Tire Corporation and Best Buy International. Through his executive leadership roles at major organizations, he is familiar with the structure of compensation systems and related benefit programs, and is experienced in executive performance evaluation. Mr. Eubanks is a graduate of York University, ICD-Rotman Directors Education Program.

Mr. Eubanks is currently a member of the Board of Directors of TH Energy.

Principal Occupation:

Executive Vice-President and Chief Information Officer of goeasy Ltd.

Former Senior Vice- President and Chief Information Officer of LCBO (Liquor Control Board of Ontario)

Board/Committee Membership

	2024 Attendance	
Board	5 of 6	83%
Human Resources and Environment Committee ⁽¹⁾	6 of 6	100%
	2025 Attendance ⁽²⁾	
Board	1 of 1	100%
Human Resources and Safety Committee	1 of 1	100%

Board Memberships for other Reporting Issuers:

Allstate Insurance Company of Canada (member of The Allstate Corporation)

Notes:

(1) Mr. Eubanks was appointed Chair of the Human Resources and Environment Committee (now Human Resources and Safety Committee) as of August 6, 2024.

(2) 2025 attendance is for the period of January 1, 2025 to the date of this AIF.

Ersilia Serafini

Ontario, Canada

Director since: June 26, 2024

Expiry of current term: June 27, 2026, or effective date of appointment of a successor director

Ersilia Serafini is the President and CEO of Summerhill, a Canadian owned and operated energy efficiency implementation company operating in nearly every province and territory. With a career dedicated to the country's environmental and energy sector, she builds and leads teams working to achieve measurable reductions in energy use. Ms. Serafini is also the Chair of the Clean Economy Fund, an active member of Young Presidents Organization and formerly served as a Director of the Board of Ontario's Independent Electricity System Operator. Ms. Serafini completed an Honours Bachelor of Science at the University of Toronto. She is the recipient of the Next Generation Award from the Italian Chamber of Commerce, has been ranked on a list of the Top 100 Female Entrepreneurs in Canada by Profit Magazine and has been named a marketing icon in the making by Strategy Magazine.

Ms. Serafini currently serves as Chair of the Board of Directors of THESL.

Principal Occupation:

President and CEO of Summerhill

Board/Committee Membership

	2024 Attendance	
Board	4 of 4 ⁽¹⁾	100%
Corporate Governance and Nominating Committee	2 of 2 ⁽²⁾	100%
	2025 Attendance ⁽⁴⁾	
Board	1 of 1	100%
Sustainable Corporate Governance Committee	1 of 1	100%
Human Resources and Safety Committee ⁽³⁾	1 of 1	100%

Board Memberships for other Reporting Issuers:

None

Notes:

- (1) Ersilia Serafini was appointed to the Board on June 26, 2024. 2024 attendance was reported for the period Ms. Serafini was actively serving on the Board.
 - (2) Ms. Serafini was appointed to the Corporate Governance and Nominating Committee (now Sustainable Corporate Governance Committee) on August 6, 2024. 2024 attendance was reported for the period Ms. Serafini was actively serving on the Board.
 - (3) Ms. Serafini was appointed to the Human Resources and Safety Committee effective February 24, 2025.
 - (4) 2025 attendance is for the period of January 1, 2025 to the date of this AIF.
-

James Hinds
Ontario, Canada

Director since: April 6, 2022
Expiry of current term: June 27, 2026, or effective date of appointment of a successor director

Mr. Hinds has over a decade of public service in Ontario's electricity sector, most recently as a director of Hydro One Inc. (2015-2018). Prior to that, he was Chair of the IESO and has also served as Chair of the former OPA (until its merger with the IESO in 2015). Prior to joining the OPA Board (2010-2015), he served as a Director on and as Chair of the IESO Board (2005-2010). Mr. Hinds is a retired investment banker, having specialized in public equity markets underwriting and advice. He previously served as Managing Director of TD Securities Inc. and has also held positions with CIBC Wood Gundy Inc. and Newcrest Capital Inc. Mr. Hinds' experience in senior financial positions and in the regulated electricity industry assists with his ability to serve as an independent member of the Audit committee.

Mr. Hinds received an undergraduate degree in political economy from the University of Toronto, a Masters of Business Administration from the Wharton School of Business at the University of Pennsylvania, and a law degree from the University of Toronto.

Mr. Hinds currently serves as a member of the Board of Directors of THESL.

Principal Occupation:
Corporate Director

Board/Committee Membership

	2024 Attendance	
Board	6 of 6	100%
Audit Committee ⁽¹⁾	4 of 4	100%
	2025 Attendance ⁽²⁾	
Board	1 of 1	100%
Audit Committee	1 of 1	100%

Board Memberships for other Reporting Issuers:
None

Notes:

- (1) Mr. Hinds was appointed Chair of the Audit Committee on August 6, 2024.
(2) 2025 attendance is for the period of January 1, 2025 to the date of this AIF.
-

Nicole Martin
Ontario, Canada

Director since: June 19, 2023
Expiry of current term: June 16, 2025, or effective date of appointment of a successor director

Ms. Martin is a former Senior Director at S&P Global Ratings, where she focused on credit rating analysis in the Canadian utility, energy and infrastructure sectors for more than 15 years. During her tenure at S&P Global Ratings, she was directly involved with the design and launch of their Environmental, Social and Governance (ESG) Evaluation. Ms. Martin's professional experience also includes two decades in the Ontario electricity sector, first working in various engineering and system planning roles at Ontario Hydro, and then as Manager of Strategic Planning at its successor Hydro One Inc.. After the corporatization of local distribution companies in Ontario, Ms. Martin advised the Hydro Ottawa Board and helped implement its first strategic performance management framework and scorecard. Ms. Martin currently provides credit and ESG consulting services, both independently and as a Senior Consultant for SwissThink. Ms. Martin also has extensive experience in evaluating the ESG programs and activities of corporations as part of credit assessment, including matters relating to Climate Change. In the past, Ms. Martin has served on the Board of Directors of the Metro Toronto Convention Centre, Hydrokids and Talisker Players Chamber Music. She currently serves on the Board of the Grey County Historical Society. Ms. Martin holds a Bachelor of Applied Science from the University of Toronto and a Master of Engineering from McMaster University. She is licensed as a professional engineer in the province of Ontario.

Principal Occupation:

Senior Consultant – Energy, Utilities, Credit, ESG at Nicole Martin Consulting

Board/Committee Membership

	2024 Attendance	
Board	5 of 6	83%
Audit Committee	4 of 4	100%
Human Resources and Environment Committee	2 of 3 ⁽¹⁾	66%
Corporate Governance and Nominating Committee	2 of 2 ⁽²⁾	100%
	2025 Attendance ⁽³⁾	
Board	1 of 1	100%
Audit Committee	1 of 1	100%
Sustainable Corporate Governance Committee	1 of 1	100%

Board Memberships for other Reporting Issuers:

None

Notes:

- (1) Ms. Martin ceased serving on the Human Resources and Environment Committee (now Human Resources and Safety Committee) as of August 6, 2024. 2024 attendance was reported for the period Ms. Martin was actively serving on the Committee.
 - (2) Ms. Martin was appointed to the Corporate Governance and Nominating Committee (now Sustainable Corporate Governance Committee) as Chair on August 6, 2024. 2024 attendance was reported for the period Ms. Martin was actively serving on the Committee.
 - (3) 2025 attendance is for the period of January 1, 2025 to the date of this AIF.
-

Jennifer McKelvie

Ontario, Canada

Director since: November 24, 2022

Expiry of current term: November 14, 2026, or effective date of appointment of a successor director

Deputy Mayor McKelvie is a graduate of the University of Toronto Scarborough (B.Sc. Environmental Science) and a Professional Geoscientist (P. Geo. non-practicing). Her graduate (Ph.D. 2006) and postgraduate research was supported by numerous provincial, national and international awards, including the Natural Sciences and Engineering Research Council Canada Graduate Scholarship and the L'Oréal/United Nations Educational Scientific Organization Women in Science Fellowship.

Deputy Mayor McKelvie is currently serving as Chair of City Council's Infrastructure and Environment Committee, Chair of the Toronto Zoo Board of Directors and is a member of Toronto Council's Budget and Executive Committees. She is also a member of the Toronto and Region Conservation Authority, Green Municipal Fund Council, Association of Municipalities of Ontario Board of Directors and Toronto Symphony Board of Directors.

Prior to becoming Councillor for Scarborough-Rouge Park, Deputy Mayor McKelvie managed industrial-academic partnerships and environmental research in the non-profit sector. Deputy Mayor McKelvie has a long-record of community service. She served as first President of the Scarborough Community Renewal Organization (2016-2018), and as President of the Centennial Community & Recreation Association (2015 to 2017). In this capacity, Deputy Mayor McKelvie worked collaboratively with stakeholders and residents to advocate for investment in Scarborough. Deputy Mayor McKelvie has also served as a member of the University of Toronto Scarborough Campus Council (2015-2018), as a citizen member of the Toronto Region Conservation Authority (2015-2018) and as a member of the Scarborough Women of Philanthropy (2015-2018), council in support of the Scarborough & Rouge Hospital Foundation.

Deputy Mayor McKelvie currently serves as Chair of the Board of Directors of TH Energy.

Principal Occupation:

Deputy Mayor and Councillor, City of Toronto

Board/Committee Membership

	2024 Attendance	
Board	5 of 6	83%
Human Resources and Environment Committee	3 of 3 ⁽¹⁾	100%
	2025 Attendance ⁽²⁾	
Board	1 of 1	100%
Human Resources and Safety Committee	1 of 1	100%

Board Memberships for other Reporting Issuers:

None

Notes:

(1) Deputy Mayor McKelvie was appointed to the Human Resources and Environment Committee (now Human Resources and Safety Committee) on August 6, 2024. 2024 attendance was reported for the period Ms. McKelvie was actively serving on the Committee.

(2) 2025 attendance is for the period of January 1, 2025 to the date of this AIF.

Dianne Saxe
Ontario, Canada

Director since: August 10, 2023
Expiry of current term: November 14, 2026, or effective date of appointment of a successor director

Councillor Saxe is the City Councillor for Ward 11 - University-Rosedale. Councillor Saxe was previously the Deputy Leader of the Green Party of Ontario, the last Environmental Commissioner of Ontario and the principal author of its Roadmap to Net Zero. Councillor Saxe is a member of City Council's Infrastructure and Environment Committee, the Toronto and East York Community Council, the Toronto Transit Commission, the Art Gallery of Ontario Board of Trustees, the Toronto Atmospheric Fund Board of Directors, the Toronto and Region Conservation Authority, the Cecil Community Centre Board of Management and William H. (Bill) Bolton Arena Board of Management. Councillor Saxe holds multiple accreditations and awards, including a Ph.D. in Law and in Environmental Studies (Hon.), a Law Society Medal for exemplary leadership in environmental law, a Clean 50 award, an Osgoode Hall Law Alumni Gold Key for Lifetime Achievement, and a Global Competent Board Designation. She has successfully run her own small business, a multi-million-dollar public office, and sat on the boards of both charities and for-profit corporations. At the University of Toronto, she is a Senior Fellow of Massey College and was formerly adjunct faculty of the School of the Environment.

Principal Occupation:
Councillor, City of Toronto

Board/Committee Membership	2024 Attendance	
Board	6 of 6	100%
Corporate Governance and Nominating Committee	2 of 2 ⁽¹⁾	100%
Human Resources and Environment Committee	2 of 3 ⁽¹⁾	66%
	2025 Attendance ⁽³⁾	
Board	1 of 1	100%
Sustainable Corporate Governance Committee ⁽²⁾	1 of 1	100%

Board Memberships for other Reporting Issuers:
None

Notes:

- (1) Councillor Saxe ceased serving on the Corporate Governance and Nominating Committee (now Sustainable Corporate Governance Committee) as of August 6, 2024. She was appointed a member of the Human Resources and Environment Committee (now Human Resources and Safety Committee) as of the same date. 2024 attendance was reported for the period Councillor Saxe was actively serving on each Committee.
 - (2) Councillor Saxe ceased serving on the Human Resources and Safety Committee on February 24, 2025. She was appointed a member of the Sustainable Corporate Governance Committee as of the same date.
 - (3) 2025 attendance is for the period of January 1, 2025 to the date of this AIF.
-

Rachel Chernos Lin

Ontario, Canada

Director since: January 1, 2025

Expiry of current term: November 14, 2026, or effective date of appointment of a successor director

Councillor Rachel Chernos Lin is the Toronto City Councillor for Ward 25, Don Valley West. Councillor Chernos Lin was the Toronto District School Board trustee for Ward 11 from 2018 to 2024, serving as Chair of the TDSB from 2022-2024. Councillor Chernos Lin is currently Chair of City Council's School Board Committee, a member of City Council's Infrastructure and Environment Committee, the North York Community Council, the Film, Television and Digital Media Advisory Board, Association of Municipalities of Ontario Board of Directors, the Canadian Film Centre Board of Directors, and the Leaside Memorial Community Gardens Arena Board of Management.

Councillor Chernos Lin graduated from the University of Toronto, and has two Masters of Arts degrees, respectively from Queens University and Brown University.

Principal Occupation:

Councillor, City of Toronto

Board/Committee Membership

	2025 Attendance ⁽²⁾	
Board	1 of 1	100%
Human Resources and Safety Committee ⁽¹⁾	1 of 1	100%

Board Memberships for other Reporting Issuers:

None

Notes:

(1) Councillor Rachel Chernos Lin was appointed to the Human Resources and Safety Committee effective February 24, 2025.

(2) 2025 attendance is for the period of January 1, 2025 to the date of this AIF.

10.5 Executive Officers

On August 14, 2024, the Board of Directors of the Corporation approved the appointment of Jana Mosley as President and Chief Executive Officer, effective as of August 15, 2024.

On November 27, 2024, Federico Zeni was named Interim Chief Financial Officer. Mr. Zeni replaced Céline Arsenault, former CFO, who left the Corporation in November 2024.

The following table sets forth the name, province and country of residence, office, and principal occupation for each of the executive officers of the Corporation as of December 31, 2024.

<u>Name</u>	<u>Residence</u>	<u>Office</u>	<u>Principal Occupation</u>
Jana Mosley ⁽¹⁾	Ontario, Canada	President and Chief Executive Officer	President and Chief Executive Officer, Toronto Hydro Corporation
Federico Zeni ⁽²⁾	Ontario, Canada	Interim Chief Financial Officer	Interim Chief Financial Officer, Toronto Hydro Corporation
Amanda Klein ⁽³⁾	Ontario, Canada	Executive Vice-President, External Affairs, Corporate Development and Chief Legal Officer	Executive Vice-President, External Affairs, Corporate Development and Chief Legal Officer, Toronto Hydro Corporation

Notes:

- (1) Ms. Mosley has been the President and Chief Executive Officer of the Corporation since August 15, 2024. Prior to Toronto Hydro, Ms. Mosley served as the President of ENMAX Power Corporation.
- (2) Mr. Zeni was appointed the Interim Chief Financial Officer of the Corporation effective November 27, 2024. Mr. Zeni has been in progressive financial leadership roles with Toronto Hydro since 2017, and was formerly the Corporation's Interim Chief Financial officer from March 5, 2022 until June 6, 2022.
- (3) Ms. Klein was Vice-President, Regulatory Affairs and General Counsel of the Corporation (from January 1, 2015 to August 31, 2016), then Executive Vice-President, Regulatory Affairs and General Counsel of the Corporation (from September 1, 2016 to September 30, 2018), followed by Executive Vice-President, Public and Regulatory Affairs and Chief Legal Officer of the Corporation (from October 1, 2018 to April 30, 2023). Ms. Klein was then named as the Corporation's Executive Vice-President, External Affairs, Corporate Development and Chief Legal Officer (from May 1, 2023 to February 25, 2025). On February 26, 2025, Ms. Klein was named Executive Vice-President, External Affairs and Chief Regulatory and Legal Officer with an effective date of March 1, 2025.

10.6 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

1. No director or executive officer of the Corporation is, as at the date of this AIF, or has within ten years prior to the date of this AIF:
 - (a) been a director, chief executive officer or chief financial officer of any company (including the Corporation) that was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days, where such order was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer;
 - (b) been a director, chief executive officer or chief financial officer of any company (including the Corporation) that was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days, where such order was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer

and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;

2. No director, executive officer of the Corporation or, to the Corporation's knowledge, the City is, as at the date of this AIF, or has within ten years prior to the date of this AIF:
 - (a) been a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
 - (b) become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of such director, executive officer or shareholder.
3. No director, executive officer of the Corporation or, to the Corporation's knowledge, the City, has been subject to:
 - (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
 - (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

10.7 Independence

As at the date of this AIF, the Board consists of eleven directors, all of whom are appointed by the City in its capacity as sole shareholder of the Corporation. Jennifer McKelvie, Dianne Saxe and Rachel Chernos Lin are not considered independent because Dianne Saxe and Rachel Chernos Lin are City Councillors and Jennifer McKelvie is the Deputy Mayor of the City. A majority of the Board is independent, as none of the other eight directors, including the Chair of the Board, have a direct or indirect material relationship with the Corporation and are considered to be independent within the meaning of applicable Canadian securities law.

No members of management sit on the Board. The Board meets regularly to discuss the management of the Corporation. A portion of each Board and Board committee meeting is reserved for directors to meet without management present. Under its mandate, the Board is authorized to retain independent legal counsel and other advisors if it considers this appropriate. The mandate also provides that the Board shall have reasonable unrestricted access to the officers of the Corporation and is authorized to invite officers and employees of the Corporation and others to attend or participate in its meetings and proceedings if it considers this appropriate. The full text of the Board's written mandate is attached as Annex B.

The Corporation has developed a written position description for the Chair of the Board. The Chair is responsible for reporting to the Board, leading the directors and managing the day-to-day activities of the Board. The Chair is also responsible for engaging in discussions with the shareholder and its representatives as are necessary and desirable, maintaining an active and cooperative relationship with the CEO and other senior management of the Corporation, acting as the principal interface between the Board and the CEO of the Corporation, and providing advice and counsel to the CEO and other senior management of the Corporation.

The Board has also developed written position descriptions for the Chair of each Board committee and the CEO.

10.8 Board Orientation and Continuing Education

Each new director, upon joining the Board, is given orientation sessions with access to a comprehensive set of materials designed to provide a summary of the key organizational, financial, regulatory and operational aspects of Toronto Hydro. These materials also contain information on the various Toronto Hydro boards and committees. Sessions also focus on substantive topics relevant to the committee and subsidiary board areas of responsibility as applicable to individual directors.

On an ongoing basis, as part of regular and special board meetings, directors receive presentations, reports and training, from internal leaders and external advisors, on topics related to Toronto Hydro's businesses and the obligations and responsibilities of directors. Topics covered are developed with the Board. As well, directors receive information from management in response to any actions arising at a board meeting or otherwise. Educational programs through external service providers are also made available to the directors and the directors have access to an on-line resource centre populated with materials relating to Toronto Hydro which is updated regularly.

10.9 Board, Committee and Director Assessments

The Sustainable Corporate Governance Committee oversees a process used to evaluate the effectiveness of the Board as a whole, its committees and the individual directors. The process may be facilitated by an independent consultant with expertise in board assessments as selected by the Board. Alternatively, the Board may complete an internal assessment. The process may consist of an in-person interview and/or a written evaluation questionnaire that are completed periodically by each director. The directors' responses to the questionnaire and/or interviews related to the operation of the Board and its committees are compiled into a summary report that is reviewed by the Chair of the Board. This report and recommended remedial actions are presented to the Board for review, consideration and implementation.

10.10 Board Oversight and Management of Risks

In accordance with its mandate, the Board is responsible for overseeing the identification of the principal risks of the business and implementation of appropriate systems to manage these risks. Toronto Hydro has an ERM program which is focused upon improving the Corporation's operations through enabling the attainment of its strategic goals and objectives. The ERM program helps the Corporation achieve this by bringing a systematic and disciplined approach towards identifying, evaluating, treating, monitoring and reporting of risks applicable to Toronto Hydro. Accordingly, ERM is an integral part of the strategic management of the Corporation's business and is routinely considered in forecasting, planning and executing key aspects of Toronto Hydro's operations.

See the section entitled "Risk Management and Risk Factors" in the MD&A for further information on ERM.

10.11 Indebtedness of Directors and Executive Officers

No director, executive officer, employee, former director, former executive officer or former employee or associate of any director or executive officer of the Corporation or any of its subsidiaries had any outstanding indebtedness to the Corporation or any of its subsidiaries except routine indebtedness or had any indebtedness that was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

10.12 Business Ethics and Integrity

The Board is committed to promoting a culture of ethical business conduct at Toronto Hydro. In accordance with its mandate, the Board is responsible for, among other things, ensuring the highest level of integrity in the actions of the Board and management and, to the extent feasible, satisfying itself as to the integrity of the President and Chief Executive Officer and other officers of Toronto Hydro and that they create a culture of integrity throughout Toronto Hydro. To this end, Toronto Hydro maintains a Code of Business Conduct and Whistleblower Procedure, a copy of which is available on the SEDAR+ website at sedarplus.ca.

PART 11 - AUDIT COMMITTEE

11.1 Composition, Independence and Financial Literacy

The Audit Committee comprises James Hinds (Chair), Sheila Block, and Nicole Martin, each of whom is independent and financially literate within the meaning of applicable Canadian securities laws.

For a description of the relevant education and experience of each member of the Audit Committee, please refer to each member's profile under the section entitled "Directors and Officers – Directors".

11.2 Audit Committee Charter

Under the terms of its charter, the Audit Committee is responsible for: managing the relationship between Toronto Hydro and its external auditors; overseeing the external audit; overseeing the internal audit; reviewing and recommending to the Board for approval the financial statements, management's discussion and analysis and interim reports of the Corporation and its subsidiaries, the annual information form, related press releases, and other public disclosure of financial information extracted from the financial statements of the Corporation; overseeing internal financial control structure and financial risk management systems; establishing and reviewing certain procedures, policies and reporting; reviewing policy reporting; and reviewing and making recommendations to the Board with respect to the payment of dividends or distribution of capital by the Corporation and insurance program.

The full text of the Corporation's Audit Committee Charter is attached as Annex A.

11.3 Policy on the Provision of Services by the External Auditors

The Audit Committee has developed a Policy on the Provision of Services by the External Auditors. Under the terms of the Policy:

- the external auditors may not provide services to Toronto Hydro that impair or have the potential to impair the independence and objectivity of the external auditors in relation to the external audit function (generally, prohibited services include services where the external auditors participate in activities that are normally undertaken by management of Toronto Hydro, are remunerated through a "success fee" structure, act in an advocacy role for Toronto Hydro or may be required to audit their own work);
- the Audit Committee has pre-approved certain audit and permitted non-audit services as services that the auditors may provide to Toronto Hydro, including: services that constitute the agreed scope of the external audit or interim reviews of Toronto Hydro; services that are outside the agreed scope of, but are consistent with, the external audit or interim reviews of Toronto Hydro; tax services that do not compromise the independence and objectivity of the external auditors in relation to the external audit; and other services of an advisory nature that do not compromise the independence and objectivity of the external auditors in relation to the external audit work; and
- an authorization process has been established which provides, among other things: the Chief Financial Officer may authorize in advance all engagements of the external auditors to provide pre-approved services (other than audit services) to Toronto Hydro up to a maximum of \$50,000 for any engagement and up to a maximum of \$100,000 for all engagements in any fiscal year (the Chief Financial Officer must report all such authorized engagements to the Audit Committee at its next meeting); the Chair of the Audit Committee may authorize in advance all engagements of the external auditors to provide pre-approved services (other than audit services) to Toronto Hydro up to a maximum of \$100,000 for any engagement and up to a maximum of \$250,000 for all

engagements in any fiscal year (the Chair must report all such authorized engagements to the Audit Committee at its next meeting); and the Audit Committee must authorize in advance all engagements of the external auditors to provide pre-approved services to Toronto Hydro above the prescribed thresholds and all engagements to provide services that are not pre-approved services regardless of the dollar value of the services.

Exceptions can be made to this Policy where the exceptions are in the interests of Toronto Hydro and appropriate arrangements are established to ensure the independence and objectivity of the external auditors in relation to the external audit. Any exception must be authorized by the Audit Committee and must be reported to the Board.

11.4 External Auditors Service Fees

The table below sets out the fees charged by Toronto Hydro's external auditor, KPMG LLP, on an accrual basis, for each of last two fiscal years in respect of the services noted below.

	Year ended December 31	
	2024	2023
Audit fees ⁽¹⁾	\$870,356	\$874,065
Audit-related fees ⁽²⁾	\$46,200	\$54,554
Tax fees ⁽³⁾	\$100,000	\$100,000
All other fees ⁽⁴⁾	\$6,129	\$5,721
Total	\$1,022,685	\$1,034,340

Notes:

- (1) Fees for audit and interim reviews.
- (2) Fees for French translation.
- (3) Fees for tax compliance services.
- (4) Fees for compilation report.

PART 12 - EXECUTIVE COMPENSATION

12.1 Compensation Governance

(a) Human Resources and Safety Committee

(i) Composition and Independence

The Human Resources and Safety Committee, under the direction of the Board has oversight for Toronto Hydro's senior executive compensation program. The Human Resources and Safety Committee is comprised of Michael Eubanks (Chair), Ersilia Serafini, Ken Neumann, Deputy Mayor Jennifer McKelvie, and Councillor Rachel Chernos-Lin. Michael Eubanks, Ersilia Serafini, and Ken Neumann are each independent within the meaning of applicable Canadian securities laws. Since the City is the sole shareholder of the Corporation, Deputy Mayor Jennifer McKelvie and Councillor Rachel Chernos Lin are not independent within the meaning of applicable Canadian securities laws. The appointment of one of the Corporation's City Councillor directors to the Human Resources and Safety Committee is a requirement under the Shareholder Direction.

(ii) Human Resources and Safety Committee Charter

The Human Resources and Safety Committee operates under a written charter adopted by the Board. Under the terms of its charter, the Human Resources and Safety Committee is responsible for assisting the Board in fulfilling its responsibilities with respect to executive compensation, human resources, and health and safety matters, including: the oversight of human resources related matters and processes (such as talent development, engagement, and retention); the oversight of health and safety related matters and processes and the promotion of a leading safety culture for employees, and in regard to the public; the recruitment and assessment of the performance of the CEO; the compensation of the CEO and the other senior executive officers of Toronto Hydro; and oversight of executive compensation and the compensation structure and benefit plans and programs for employees and related public disclosure.

(b) Human Resources Risk Oversight

Toronto Hydro has a rigorous risk management and governance structure in place to assist the Board with its oversight and management of all of Toronto Hydro's risks, including risks related to Toronto Hydro's compensation policies and practices. While the Board and the Human Resources and Safety Committee have not conducted a formal assessment of the implications of risks specifically associated with Toronto Hydro's compensation policies and practices, the Human Resources and Safety Committee has and continues to consider the Corporation's strategic objectives, plans and risk strategy in its review and recommendations regarding Toronto Hydro's compensation program. In addition to Toronto Hydro's ERM program, the practices, processes and systems in place to identify and mitigate compensation policies and practices that could encourage an executive officer to take inappropriate or excessive risks include: the periodic review and audit of Toronto Hydro's senior executive compensation program by Toronto Hydro's internal auditor; the development and application of a management control reporting system providing transparency and control to compensation measures; the use of a balanced scorecard of corporate, divisional and individual performance objectives; the periodic benchmarking of Toronto Hydro's compensation program; the review of Toronto Hydro's compensation program by an independent compensation consultant and, from time to time, the OEB; and the application of maximum payout amounts for achievement of individual performance goals. See the section under the heading "Risk Management and Risk Factors" in the MD&A and section 10.10 under the heading "Board Oversight and Management of Risks" for more information on Toronto Hydro's ERM program, section 12.2(c)(ii) under the heading "Benchmarking" for more information on Toronto Hydro's benchmarking of its compensation program, section 12.2(c)(iii) under the heading "Compensation Consultants and Advisors" for more information on the Corporation's compensation consultant and section 12.2(d)(ii) under the heading

“Performance-Based Incentive Compensation” for more information on Toronto Hydro’s performance-based incentive compensation program.

12.2 Compensation Discussion and Analysis

(a) Named Executive Officers

This Compensation Discussion and Analysis describes and explains all significant elements of compensation awarded to, earned by, paid to, or payable to the NEOs for the financial year ended December 31, 2024. The NEOs are:

- (i) **Jana Mosley**
President and Chief Executive Officer, Toronto Hydro Corporation
- (ii) **Anthony Haines**
Former President and Chief Executive Officer, Toronto Hydro Corporation
- (iii) **Federico Zeni**
Interim, Chief Financial Officer, Toronto Hydro Corporation
- (iv) **Celine Arsenault**
Former Executive Vice-President and Chief Financial Officer, Toronto Hydro Corporation
- (v) **Amanda Klein**
Executive Vice-President, External Affairs, Corporate Development and Chief Legal Officer, Toronto Hydro-Electric System Limited
- (vi) **Sheikh Nahyaan**
Executive Vice-President and Chief Operating Officer, Toronto Hydro-Electric System Limited
- (vii) **Elias Lyberogiannis**
Executive Vice-President and Chief Engineering and Modernization Officer, Toronto Hydro-Electric System Limited

(b) General Objectives of Compensation Program

Toronto Hydro’s senior executive compensation program is designed to attract and retain executives who have the skills and experience to help Toronto Hydro achieve its strategic goals, to motivate executives to achieve such corporate goals and to reward senior executives for superior performance and achievement of corporate, divisional and individual objectives.

(c) Process for Establishing Compensation

(i) *Policies and Practices*

Toronto Hydro’s overall senior executive compensation policy, structure and program is developed and supervised by the Human Resources and Safety Committee with the assistance of a compensation consultant, and approved by the Board. The senior executive compensation policy was reviewed and

approved November 2023. Toronto Hydro's senior executive compensation policy aligns with the "City of Toronto Guiding Principles for Executive Compensation Policies at City Agencies and Corporations" which was adopted at City Council on July 19, 2023. See section 12.2(c)(iii) under the heading "Compensation Consultants and Advisors" for more information on the compensation consultant.

Pursuant to the terms of its charter, the Human Resources and Safety Committee has the responsibility to annually, and more frequently if appropriate, review and make recommendations to the Board with respect to the individual performance-based incentive compensation goals and objectives related to the compensation of the CEO and to assess the CEO's performance against those goals and objectives. The Human Resources and Safety Committee also makes recommendations to the Board with respect to the overall compensation and benefits of the CEO. The Board ultimately sets and approves the CEO's compensation.

The CEO has the responsibility to annually, and more frequently if appropriate, review and approve the individual performance-based incentive compensation goals and objectives related to the compensation of the other senior executive officers, including the NEOs, and assess the other senior executive officers' performance against those goals and objectives. The CEO proposes the other senior executive officers' performance-based incentive compensation and overall compensation, subject to the Human Resources and Safety Committee's review and approval.

(ii) Benchmarking

Toronto Hydro periodically benchmarks the compensation it provides to the NEOs to ensure reasonableness, competitiveness and effectiveness of Toronto Hydro's compensation program, including the level and type of compensation provided. The Human Resources and Safety Committee periodically engages a compensation consultant to conduct executive compensation benchmarking for the NEOs, to ensure that Toronto Hydro is able to attract, retain, and motivate high-performing senior executives in the markets in which it competes for talent. The most recent executive compensation benchmarking study was completed in 2021. Another full executive compensation benchmarking study is planned for 2025.

Toronto Hydro's objective is to pay competitively with other Canadian utility and energy industry companies of comparable size and complexity. NEO compensation is generally benchmarked against:

- industry data of companies of comparable size and complexity to Toronto Hydro and with which Toronto Hydro competes for Executive talent;
- primary market comparator group includes industry organizations with revenues between ½ to 2x Toronto Hydro's distribution revenue (i.e. excluding Toronto Hydro's flow through revenue for electricity transmission and generation);
- industrial companies in the Greater Toronto Area;
- industrial companies in Canada;
- public sector organizations in Canada; and
- electrical / utilities organizations across Canada.

The benchmark data comes from proprietary compensation surveys, and publicly disclosed executive compensation information in Canada. For the purposes of benchmarking, a minimum of 8 Canadian organizations are included in the market comparators and the number of private sector organizations do not exceed one-third of the total comparator group.

The senior executive compensation information derived from the benchmarking analysis is designed to assist the Human Resources and Safety Committee in establishing, over a reasonable period of time,

total cash compensation for NEOs in the range of the median total cash compensation of the benchmark data. Total cash compensation to NEOs may exceed the median of the marketplace when corporate, divisional and individual performance significantly exceeds objectives.

(iii) *Compensation Consultants and Advisors*

The Human Resources and Safety Committee has engaged the services of Willis Towers Watson (WTW) for senior executive compensation consulting services since 2016. The consulting services provided to the Human Resources and Safety Committee by WTW include providing advice on the competitiveness and appropriateness of Toronto Hydro's senior executive compensation program, compensation benchmarking services, and other compensation related matters that may arise from time to time. In 2023, the Corporation also engaged Willis Towers Watson for actuarial services; however, is no longer engaging WTW for these services as of 2024. The Human Resources and Safety Committee or the Board is advised of any actuarial services Willis Towers Watson provides to Toronto Hydro in accordance with the Corporation's Policy on the Provision of Services by External Executive Compensation Advisors. The actuarial services provided by Willis Towers Watson do not present any conflicts with the services provided as compensation advisor to the Human Resources and Safety Committee.

The table below sets out the fees billed by Willis Towers Watson for each of last two fiscal years in respect of the services noted below.

		Year ended December 31	
		2024	2023
Executive Compensation – Related Fees ⁽¹⁾	Willis Towers Watson	\$78,269	\$72,297
All Other Fees ⁽²⁾	Willis Towers Watson	—	\$43,475

Notes:

(1) Aggregate fees billed for consulting services to Toronto Hydro's Human Resources and Safety Committee.

(2) Aggregate fees billed by Willis Towers Watson, or any of its affiliates, for services which include actuarial services that are not reported under note (1) above.

(d) **Elements of Compensation**

The principal components of compensation for NEOs are:

- base salary;
- performance-based incentive compensation;
- personal benefits and perquisites;
- pension plan;
- post-employment benefits; and
- retirement allowances.

As the Corporation has a single shareholder that is the registered and beneficial owner of all of its issued and outstanding shares, the Corporation is not able to offer an equity incentive plan or other stock-based compensation to its NEOs.

(i) *Base Salary*

In accordance with the general objectives and process for establishing compensation noted above, Toronto Hydro provides NEOs with a base salary to compensate them for services rendered during the fiscal year. Toronto Hydro provides reasonably competitive market-based base salaries to help attract, motivate, and retain NEOs who are critical to Toronto Hydro's success.

Annually, adjustments to base salaries for NEOs are generally driven by market benchmarking data and the NEO's individual performance rating. The performance rating is recommended for approval by the Human Resources and Safety Committee (in the case of the CEO) and recommended by the CEO (in the case of the other NEOs) for approval by the Human Resources and Safety Committee. These recommended ratings are based on the achievement of objectives as well as knowledge, skills, competencies, and desired corporate behaviours related to day-to-day performance. CEO performance ratings are subject to review and approval by the Board of Directors.

(ii) *Performance-Based Incentive Compensation*

All NEOs receive a portion of their annual compensation in the form of performance-based cash payments. The performance-based incentive compensation is designed to retain, motivate and reward NEOs for reaching performance objectives established at the beginning of each calendar year.

The annual performance-based incentive compensation is calculated as a percentage of the NEO's base salary for the year and, if earned, paid in one lump sum in the next fiscal year.

In order for an NEO to earn and receive the annual performance-based incentive compensation, the Corporation and the NEO must each achieve certain pre-determined performance objectives. Each NEO's performance-based incentive compensation is based on a weighting of corporate, divisional and individual performance objectives. Weightings and objectives are determined at the start of each year and vary by role to reflect the performance focus of the role. The weighting and objectives are reviewed and set each year in order to reflect the Corporation's overall strategy and objectives.

Each year the Board reviews and approves the Corporation's objectives. Each performance objective is weighted to reflect its relative importance and includes threshold, target and stretch expectations of performance. Specific performance targets are approved by the Board considering the Corporation's business plans and priorities for the upcoming year, the prior year's performance and a review of forecasted results based on a historical analysis of performance. Similarly, divisional objectives are approved by the CEO and reviewed by the Human Resources and Safety Committee to recognize unique divisional priorities and ensure alignment with the Corporation's overall objectives.

The CEO's individual objectives are reviewed and approved by the Board. The individual objectives of the other NEOs are reviewed and approved by the CEO. Each NEO's individual objectives are based on areas of strategic and operational emphasis related to their respective responsibilities and portfolios.

The NEO's individual objectives are intended to be reasonably difficult to attain and to encourage success in the NEO's performance. Individual objectives are often but not always achieved by an NEO in any given year. NEOs review their objectives and measurements throughout the year, with one formal mid-year review with the Human Resources and Safety Committee (in the case of the CEO), or with the CEO (in the case of the other NEOs), to track achievement to-date and revise performance goals as may be necessary to reflect any change in corporate strategy or priorities.

In the case of the CEO, an annual performance evaluation in respect of the CEO's individual performance goals is conducted by the Human Resources and Safety Committee who provides a recommendation to the Board regarding the performance-based incentive compensation to be paid to the CEO. The amount paid to the CEO is approved by the Board after review of the recommendation of the Human Resources and Safety Committee.

In the case of each of the other NEOs, an annual performance evaluation in respect of the individual objectives for each individual is conducted by the CEO, who proposes the amount of performance-based incentive compensation to be paid to each other NEO. The Human Resources and Safety Committee reviews and approves the amounts of performance-based incentive compensation to be paid to each of the other NEOs.

Historically, all incentive compensation awarded to NEOs has consisted solely of an annual cash bonus. In 2023, Toronto Hydro adopted a new long-term incentive plan which contemplates annual grants of awards that provide for the payment of an incentive amount depending on corporate performance over a three-year period starting in the year of grant. Starting in 2024, incentive compensation included a mix of short-term and long-term awards. The addition of a long-term incentive program was implemented to boost retention of executive talent and align with market comparators. The first grants under the new long-term incentive plan were made to senior executives in 2024, and payment of such grants will be made in 2027 and will reflect the achievement of business and environmental objectives through 2024, 2025, and 2026. The objectives for the 2024 grants related to consolidated net income, reduced GHG emissions, the electrification of Toronto Hydro's vehicles and increased distribution grid capacity.

Metric	Definition	2024-2026 Target	Weight (%)
Net Income	Cumulative Net Income per the audited financial statements of Toronto Hydro Corporation (THC) for the 2024, 2025 and 2026 fiscal year.	Business Plan	40%
Climate Action – TransformTO Alignment	Fleet Electrification: Percentage of fleet (driving vehicles) that is either electric vehicle (EV) or hybrid	36%	10%
	Building Emissions: Emissions reduction at Toronto Hydro occupied work centres compared to 2019 levels.	1897.4 TC02e	
Climate Action – Grid Readiness	The system capacity added over 3 years (i.e. 2024-2026) as measured by the aggregated capacity (in MW) created (or enabled) at the station, feeder and customer (i.e. non-wires alternatives) points on the system. Capacity additions are intended to ensure load growth – including growth from electric vehicles and the electrification of space and water heating – can be met, and new customers can be connected.	200 MW	50%

(iii) *Personal Benefits and Perquisites*

Toronto Hydro provides NEOs with other personal benefits and perquisites that Toronto Hydro believes are reasonable and consistent with its overall compensation program to better enable Toronto Hydro to attract and retain superior employees for key positions. Benefits include group health, dental, group life insurance, short-term and long-term disability, accidental death & dismemberment, a gym subsidy, and educational reimbursements, all of which are generally available to all salaried employees.

(iv) *Pension Plan*

All full-time employees of Toronto Hydro, including the NEOs, are required to participate in the OMERS pension plan. The OMERS pension plan is generally available to all other salaried employees. See section 4.6(a) under the heading “Employees” for more information on the OMERS pension plan.

Pursuant to the terms of the OMERS pension plan, NEOs are required to make equal plan contributions based on their eligible pensionable earnings. In 2024, Toronto Hydro and each NEO was required to contribute 9% equally of the first \$68,500 of pensionable earnings and thereafter 14.6% equally on all earnings over \$68,500 and up to \$179,795. From \$179,795 and up to a maximum of \$479,500, contributions continue equally at 14.6% towards a Retirement Compensation Arrangement (RCA), which is governed separately under the Canadian Income Tax Act. See section 12.3(b)(iv) under the heading “Pension Plan” and 12.3(b)(vi) under the heading “Retirement Allowance” for more information related to the pension plan for NEOs.

(v) *Post-employment Benefits*

NEOs are eligible to receive post-employment health, dental and life insurance benefits. The post-employment benefits provided to eligible NEOs are the same as are generally available to all other

salaried employees. Post-employment benefits aid in attracting and retaining key executives to ensure the long-term success of Toronto Hydro.

(vi) *Retirement Allowances*

From time to time, in certain circumstances, Toronto Hydro enters into retirement allowance agreements with its NEOs. The retirement allowance agreements are designed to recognize service, and to promote retention, stability and continuity, of the NEOs. These agreements are made on a case-by-case basis based on an NEO's years of service and position. Any retirement allowance provided to the CEO is approved by the Board after review of the recommendation of the Human Resources and Safety Committee. In the case of each of the other NEOs, any retirement allowance agreement is proposed by the CEO and reviewed and amended or approved by the Human Resources and Safety Committee.

12.3 Compensation of Named Executive Officers

(a) Summary Compensation Table

The following table provides a summary of the compensation earned during the years ended December 31, 2024, 2023, and 2022, by the NEOs:

Summary Compensation Table ⁽¹⁾

NEO Name and Principal Position	Year	Salary ⁽²⁾	Non-Equity Incentive Plan Compensation ⁽³⁾	All Other Compensation ⁽⁴⁾	Total Compensation
		(\$)	(\$)	(\$)	(\$)
Jana Mosley ⁽⁵⁾ President and Chief Executive Officer, Toronto Hydro Corporation	2024	\$279,809	\$447,000	\$349,458 ⁽⁶⁾	\$1,076,267
Anthony Haines ⁽⁷⁾ Former President and Chief Executive Officer, Toronto Hydro Corporation	2024	\$750,000	\$722,309	\$60,649	\$1,532,958
	2023	\$728,148	\$701,271	\$22,593	\$1,452,012
	2022	\$706,949	\$680,846	\$18,045	\$1,405,840
Federico Zeni ⁽⁸⁾ Interim, Chief Financial Officer, Toronto Hydro Corporation	2024	\$217,071	\$83,136	\$3,761	\$303,968
	2023	\$203,681	\$76,279	\$2,446	\$282,406
	2022	\$196,189	\$74,582	\$1,374	\$272,145
Celine Arseneault ⁽⁹⁾ Former Executive Vice- President and Chief Financial Officer, Toronto Hydro Corporation	2024	\$340,248	\$157,354	\$482,280 ⁽¹⁰⁾	\$979,882
	2023	\$326,398	\$193,253	\$6,631	\$526,282
	2022	\$166,923	\$97,629	\$1,687	\$266,239
Amanda Klein Executive Vice-President, External Affairs, Corporate Development and Chief Legal Officer, Toronto Hydro-Electric System Limited	2024	\$440,902	\$263,217	\$6,279	\$710,398
	2023	\$410,943	\$253,451	\$1,560	\$665,954
	2022	\$358,177	\$208,914	\$10,909	\$578,000
Sheikh Nahyaan Executive Vice-President and Chief Operating Officer, Toronto Hydro-Electric System Limited	2024	\$417,890	\$246,424	\$9,801	\$674,115
	2023	\$350,723	\$207,705	\$5,483	\$563,911
	2022	\$271,553	\$158,428	\$16,040	\$446,021
Elias Lyberogiannis Executive Vice-President and Chief Engineering and Modernization Officer, Toronto Hydro-Electric System Limited	2024	\$350,960	\$209,427	\$10,755	\$571,142
	2023	\$280,670	\$164,102	\$13,680	\$458,452
	2022	\$268,489	\$151,523	\$11,029	\$431,041

Notes:

- (1) Amounts shown in this table are in Canadian dollars and have been rounded to the nearest dollar.
- (2) Amounts shown reflect actual amounts paid during the year.
- (3) Each NEO's annual performance-based incentive compensation for a fiscal year is determined and paid in the next fiscal year. Accordingly, amounts reflected in respect of a particular year (e.g. 2024) represent the annual performance-based incentive compensation earned by the NEO for the achievement of performance objectives in respect of that fiscal year (e.g. 2024) but which amounts are paid in the following fiscal year (e.g. 2025).
- (4) Amounts shown in this column reflect all other compensation earned by the NEO during the year. The amounts shown include the aggregate value of perquisites and other personal benefits provided to the NEO, where such perquisites and personal benefits are not generally available to all employees and have been calculated by using the actual cost. In 2024, 2023 and 2022, perquisites were not worth \$50,000 or more for any NEO, nor were they worth 10% or more of any NEO's total salary for the year, except as outlined in the notes below.
- (5) Effective August 1, 2024, Ms. Mosley is the President and Chief Executive Officer, Toronto Hydro Corporation, and her annual base salary was \$750,000.
- (6) Amount shown includes \$326,826 for relocation expense reimbursement. In addition, Ms. Mosley is eligible for a \$170,000 transition payment, payable in two equal installments on the first and second anniversary of her start date. Any unpaid portion will be forfeit if Ms. Mosley were to resign, or if her employment were to be terminated for any reason, prior to the applicable anniversary date.
- (7) Mr. Haines was awarded a top-up benefit as a result of the changes to the OMERS pension plan. As a result of this award, a current service cost of \$219,600 was recognized in 2024. (see sections 12.3(b)(iv) and 12.3(b)(vi) of "Compensation of NEOs in 2024 – Narrative Discussion" below.)
- (8) Effective November 27, 2024, Mr. Zeni began acting in the capacity of Interim, Chief Financial Officer of the Corporation; his annual base salary was increased to \$263,000, and his target performance-based incentive was increased to 30% of salary for the Interim, Chief Financial Officer role.
- (9) Effective November 27, 2024, Ms. Arsenault ceased to be Executive Vice-President and Chief Financial Officer of the Corporation.
- (10) Amount shown includes a \$447,445 termination payment equal to 15 months of Ms. Arsenault's base salary.

(b) Compensation of NEOs in 2024 – Narrative Discussion

(i) Base Salaries

The NEOs' annual base salaries for 2024 were: \$750,841 in the case of Mr. Haines, \$750,000 in the case of Ms. Mosley, \$357,956 in the case of Ms. Arsenault, \$441,639 in the case of Ms. Klein, \$419,088 in the case of Mr. Nahyaan, and \$353,762 in the case of Mr. Lyberogiannis. While serving as Interim, Chief Financial Officer, Mr. Zeni's annual base salary was \$263,000.

(ii) Performance-Based Incentive Compensation

The targets and component weightings for the 2024 performance-based incentive compensation were as follows:

Position	Annual Performance-Based Incentive				Long-Term Incentive
	Target (% of salary)	Individual Performance (% weighting)	Divisional Performance (% weighting)	Corporate Performance (% weighting)	Target (% of salary)
CEO	40%	20%	—	80%	25%
CFO	40%	20%	20%	60%	25%
Other NEOs	40%	20%	20%	60%	25%

The performance-based incentive compensation amount payable to each NEO may exceed the respective target percentage of base salary indicated above when results exceed objectives and may be below the respective target percentage of base salary indicated above when the objectives are not achieved. The component weightings outlined above have been unchanged since 2011. The target annual performance-based incentive for the CEO was changed from 65% to 40% in 2024 in accordance with Shareholder directive.

The annual performance objectives of the Corporation for 2024 were as follows:

Corporate Key Performance Indicators	Definition	Target	Weight (%)
Consolidated Net Income (\$M)	Net Income after net movements in regulatory balances per the Corporations Consolidated Financial Statements	\$105.0	30%
In-Service Assets (\$M) ⁽¹⁾	Total value of the fully allocated costs to construct assets available for use in a given year (as per IFRS and OEB-approved definitions), net of capital contributions and pre-approved program exclusions	\$498.6	10%
Outage Frequency - Defective Equipment Only	Average number of interruptions per customer in a given year caused by defective equipment	0.50	10%
Outage Duration – Defective Equipment Only	Average duration of interruptions (in minutes) per customer in a given year caused by defective equipment	25.23	10%
Total Recordable Injury Frequency Rate	Recordable Injury Frequency Rate as per Electricity Canada Standard	0.95	10%
New Services Connected on Time	Percentage of connections for new low-voltage (<750 volts) service requests completed within five business days from the day on which all applicable service conditions are satisfied, or at such later date as agreed to by the customer	98%	10%
Estimated Time of Restoration (ETOR)	Composite percentage of outage events with an accurate ETOR populated within 1 hour of event creation	85%	5%
First Contact Resolution	Percentage of telephone and email enquiries resolved in one contact, within a 21-day time period	86%	10%
Employee Engagement	Average number of engagement sessions attended per employee per year	8.5	5%

Note:

(1) This is a non-IFRS measure based on in-service assets as at year-end as calculated under IFRS of \$634.3M, net of reported capital contributions and net of \$115.2M in pre-approved program exclusions related to initiatives significantly impacted by external factors or subject to OEB-approved variance accounts.

Corporate key performance indicators (KPIs) are cascaded down in the organization to create appropriate divisional performance objectives with strong line of sight.

Weightings for these KPIs ranged from 5% to 20% of divisional performance. All divisional KPIs support achievement in the Corporation's five areas of focus: Customer, People, Operations, Environment and Financial. These measures are aimed at increasing customer satisfaction, improving reliability, accomplishing THESL's work program safely and meeting regulatory requirements. Prioritization of these KPIs is determined based on divisional accountabilities. Some examples of Divisional measures are High Voltage Customer Connections Service Index, Safety Inspections per Leader, Emergency Event Response (Police, Fire and Ambulance) and Operating Expenses. These measures can vary from year to year.

Performance-based incentives also include individual performance objectives which are set annually and are tied to business priorities and each individual's particular accountabilities. The number and weighting of individual objectives vary by individual and from year to year. Examples of the 2024 individual performance objectives for the NEOs include, but are not limited to, continuous improvement of operational processes to enhance performance.

In 2024, the Corporation exceeded the majority of its KPI targets at the Corporate and Divisional levels, with the NEOs exceeding the majority of their individual performance targets. Each of the corporate, divisional and individual performance targets were reasonably difficult to attain and served to encourage success in the NEOs performance and in the Corporation's overall results.

Toronto Hydro has a Climate Action Plan as part of its commitment to environmental sustainability, and is committed to achieving net zero greenhouse gas emissions in its operations by 2040. Toronto Hydro's net zero commitment focuses on reducing emissions from two of its largest sources of greenhouse gas emissions, by targeting (i) its building operations and (ii) its vehicle fleet operations. Toronto Hydro continues to track its progress towards net zero, and incent progress in these areas through two KPIs: Building Emissions Reduction and Fleet Electrification. Toronto Hydro was able to exceed its target on both measures in 2024.

(iii) *Personal Benefits and Perquisites*

In 2024, the NEOs received personal benefits and perquisites as described in section 12.2(d)(iii) under the heading "Personal Benefits and Perquisites". Personal benefits and perquisites that are not generally available to all salaried employees are quantified in the Summary Compensation Table in section 12.3(a) above. Perquisites did not exceed the threshold for any NEO of \$50,000 or 10% or more of any NEO's total salary for the year, except for Ms. Mosley's relocation expense reimbursement as outlined in the Summary Compensation Table in section 12.3(a) above.

(iv) *Pension Plan*

In 2024, each of the NEOs participated in the OMERS pension plan. The OMERS pension plan is a group pension plan that is generally available to all salaried employees. See section 4.6(a) under the heading "Employees" and section 12.2(d)(iv) under the heading "Pension Plan" for further information on the OMERS pension plan.

In 2016, OMERS pension plan introduced a cap on pensionable earnings resulting in a significant reduction in the benefit and accordingly, in retirement Mr. Haines will receive top-up benefit payment from the Corporation through a retirement compensation arrangement of \$286,900. The retirement compensation arrangement is secured by a letter of credit with a face amount equal to the applicable actuarial value of the obligation plus 30%, and the face value is remeasured and adjusted annually in light of changes in actuarial assumptions and payments made (see section 9.3 Credit Facilities).

(v) *Post-employment Benefits*

Mr. Haines, Ms. Mosley, Mr. Zeni, Ms. Klein, Mr. Nahyaan, and Mr. Lyberogiannis are eligible for post-employment medical, dental and life insurance benefits if they retire from Toronto Hydro and begin collecting under the OMERS pension plan upon retirement.

(vi) *Retirement Allowance*

Mr. Haines is the only NEO entitled to a retirement allowance. Mr. Haines entered into a retirement arrangement pursuant to which his active service ceased on December 31, 2024. Under the terms of Mr. Haines' retirement allowance, he will receive \$1,500,000 in one lump sum payment following termination of his employment, which will be payable in March 2025. Mr. Haines will receive a top-up benefit payment as outlined in 12.3(b)(iv) as a result of the significant changes to pension arrangements introduced by OMERS in 2016.

(vii) *Termination Payments*

The table below summarizes the treatment of compensation for the NEOs under various termination scenarios. Each of the NEOs is eligible for retirement under the OMERS pension plan. No changes are contemplated in the event of a change of control of the Corporation.

Compensation element	Resignation	Termination w/o cause	Termination with cause
Salary	Salary ends	Salary ends	Salary ends
Performance-Based Incentive Compensation	Current year annual award and unvested long-term incentive plan award forfeited	Pro-rated current year annual award and pro-rated long-term incentive plan award both payable at target	Current year annual award and unvested long-term incentive plan award forfeited
Benefits	Benefits end	Benefits continue	Benefits end
Pension	Entitled to OMERS pension	Entitled to OMERS pension	Entitled to OMERS pension
Severance ⁽¹⁾	Not applicable	Base salary and target performance pay for 18 months ⁽²⁾	Not applicable

Notes:

(1) Severance payments are in addition to complying with minimum requirements of the applicable employment standards legislation.

(2) Only applies to Ms. Mosley.

Under the terms of Ms. Mosley's employment agreement, if her employment had terminated without cause on December 31, 2024, she would have received severance of \$1,575,000. The severance amount that would have been payable had the employment of Mr. Zeni, Ms. Klein, Mr. Nahyaan and Mr. Lyberogiannis been terminated without cause on December 31, 2024 would have been determined at common law.

Mr. Haines entered into a retirement arrangement pursuant to which his active service ceased on December 31, 2024 and he will receive compensation consistent with a termination without cause in the amount of \$3,080,208 inclusive of payments in respect of performance-based compensation.

In addition, and in connection with Ms. Arsenault ceasing employment with the Corporation, Ms. Arsenault will be receiving a one-time lump sum termination payment equal to 15 months of her base salary, and a one-time lump sum payment of \$157,354 in respect of performance-based incentive compensation.

12.4 Compensation of Directors

(a) Director Compensation Table

Director Name	Total ⁽¹⁾ (\$)
Brian Topp ⁽²⁾	\$Nil
David McFadden ⁽³⁾	\$75,000
Michael Anthony Eubanks	\$25,500
Sheila Block ⁽⁴⁾	\$14,250
Joyce McLean ⁽⁵⁾	\$14,250
Ken Neumann ⁽⁶⁾	\$14,250
Ersilia Serafini ⁽⁷⁾	\$14,250
Heather Zordel ⁽⁸⁾	\$11,250
Howard Wetston ⁽⁹⁾	\$11,250
James Hinds ⁽¹⁰⁾	\$Nil
Mary Ellen Richardson ⁽¹¹⁾	\$12,250
Michael Nobrega ⁽¹²⁾	\$12,250
Nicole Martin	\$26,500
Deputy Mayor Jennifer McKelvie	\$Nil
Councillor Jaye Robinson ⁽¹³⁾	\$Nil
Councillor Dianne Saxe	\$Nil
Councillor Rachel Chernos Lin ⁽¹⁴⁾	\$Nil

Notes:

- (1) There was no compensation paid to directors during 2024 other than in respect of director retainer fees and meeting attendance fees.
- (2) On December 19, 2024, Brian Topp was appointed as the new Chair to the Board of Directors of the Corporation, replacing David McFadden.
- (3) David McFadden's term as the Chair to the Board of Directors of the Corporation expired on December 18, 2024.
- (4) On June 26, 2024, Sheila Block was appointed to the Board of Directors of the Corporation, replacing Michael Nobrega.
- (5) On June 26, 2024, Joyce McLean was appointed to the Board of Directors of the Corporation, replacing Howard Wetston.
- (6) On June 26, 2024, Ken Neumann was appointed to the Board of Directors of the Corporation, replacing Mary Ellen Richardson.
- (7) On June 26, 2024, Ersilia Serafini was appointed to the Board of Directors of the Corporation, replacing Heather Zordel.
- (8) Heather Zordel's term as a Director to the Board of Directors of the Corporation expired on June 25, 2024.
- (9) Howard Wetston's term as a Director to the Board of Directors of the Corporation expired on June 25, 2024.

- (10) James Hinds elected to receive no compensation in 2024.
- (11) Mary Ellen Richardson's term as a Director to the Board of Directors of the Corporation expired on June 25, 2024.
- (12) Michael Nobrega's term as a Director to the Board of Directors of the Corporation expired on June 25, 2024.
- (13) The late Councillor Jaye Robinson's term as a Director to the Board of Directors of the Corporation ended on May 17, 2024.
- (14) On December 17, 2024, Councillor Rachel Chernos Lin was appointed to the Board of Directors of the Corporation, replacing the late Councillor Jaye Robinson.

(b) Compensation of Directors – Narrative Discussion

Directors of the Corporation, other than Councillors of the City, are compensated for their services as directors through a combination of retainer fees and meeting attendance fees. These fees are set by the sole shareholder of the Corporation, the City. The annual retainer fees are as follows: \$75,000 for the Chair of the Board and up to a maximum of \$12,500 for each of the other directors (based on quarterly retainer fee of \$3,125). The meeting attendance fees are as follows: \$1,000 for each meeting of the Board and the subsidiaries attended and \$1,000 for each meeting of the Audit Committee, Sustainable Corporate Governance Committee, Human Resources and Safety Committee, or other Board committee attended, subject to annual maximum fees per committee member of \$5,000 for the Audit Committee, Sustainable Corporate Governance Committee, Human Resources and Safety Committee or any other committee of the Board. The Board does, from time to time and in the normal course, strike ad hoc committees to streamline and expedite certain matters as they come before the Board. Any compensation Directors have earned from their attendance at these committees has been included in the table above. The Chair receives no meeting attendance fees. Councillors receive no remuneration for their services as directors of the Corporation. The other directors, other than the Chair, are subject to a maximum annual total retainer and attendance fees of \$30,000.

PART 13 - LEGAL PROCEEDINGS

In the ordinary course of business, the Corporation and its subsidiaries are subject to various legal proceedings, actions and claims from customers, suppliers, regulators and other parties. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and could materially adversely affect the Corporation. As at the date hereof, the Corporation believes that none of these legal proceedings, actions and claims from customers, suppliers, regulators and other parties in which it is currently involved or has been involved since the beginning of the most recently completed financial year, would be expected to have a material adverse effect on the Corporation. On an ongoing basis, the Corporation and its subsidiaries assess the likelihood of any adverse judgments or outcomes as well as potential ranges of probable costs and losses. A determination of the provision required, if any, for these contingencies is made after an analysis of each individual issue. The provision may change in the future due to new developments in each matter or changes in approach, such as a change in settlement strategy. If damages were awarded under these actions, the Corporation and its subsidiaries would make a claim under any liability or other insurance policies, to the extent applicable, subject to such claim not being disputed by the insurers. Further details on legal proceedings that relate to the Corporation are set out below.

In December 2023, the Corporation's insurers entered into two agreements to settle prior legal actions directly with the claimants on the Corporation's behalf for a total of \$90.0 million under the terms of the relevant insurance policies. In March 2024, the settlement of \$90.0 million was paid by the Corporation's insurers directly to the claimants, which resulted in the derecognition of the settlement liability and corresponding settlement asset.

PART 14 - MATERIAL CONTRACTS

The following are material contracts (other than contracts entered into in the ordinary course of business) that the Corporation has entered into in the most recently completed financial year, or before the most recently completed financial year if such material contract is still in effect:

- (a) trust indenture dated as of May 7, 2003 between Toronto Hydro Corporation and CIBC Mellon Trust Company (now BNY Trust Company of Canada) (the "Trust Indenture");
- (b) a sixth supplemental trust indenture dated as of May 20, 2010 relating to the issuance of Series 6 senior unsecured debentures in the aggregate principal amount of \$200,000,000;
- (c) a seventh supplemental trust indenture made as of September 20, 2011 amending the definition of "GAAP" under the Trust Indenture;
- (d) a tenth supplemental trust indenture dated as of April 9, 2013, as amended and restated as of September 2, 2015, relating to the issuance of Series 9 senior unsecured debentures in the aggregate principal amount of \$245,000,000;
- (e) an eleventh supplemental trust indenture dated as of September 16, 2014 relating to the issuance of Series 10 senior unsecured debentures in the aggregate principal amount of \$200,000,000;
- (f) a twelfth supplemental trust indenture dated as of March 16, 2015 relating to the issuance of Series 11 senior unsecured debentures in the aggregate principal amount of \$200,000,000;
- (g) a thirteenth supplemental trust indenture dated as of June 14, 2016 relating to the issuance of Series 12 senior unsecured debentures in the aggregate principal amount of \$200,000,000;
- (h) a fourteenth supplemental trust indenture dated as of November 14, 2017 relating to the issuance of Series 13 senior unsecured debentures in the aggregate principal amount of \$200,000,000;

- (i) a fifteenth supplemental trust indenture dated as of November 12, 2019 relating to the issuance of Series 14 senior unsecured debentures in the aggregate principal amount of \$200,000,000;
- (j) a sixteenth supplemental trust indenture dated as of November 12, 2019 relating to the issuance of Series 15 senior unsecured debentures in the aggregate principal amount of \$200,000,000;
- (k) a seventeenth supplemental trust indenture dated as of October 15, 2020 relating to the issuance of Series 16 senior unsecured debentures in the aggregate principal amount of \$200,000,000;
- (l) an eighteenth supplemental trust indenture dated as of October 18, 2021 relating to the issuance of Series 17 senior unsecured debentures in the aggregate principal amount of \$150,000,000;
- (m) a nineteenth supplemental trust indenture dated as of October 18, 2021 relating to the issuance of Series 18 senior unsecured debentures in the aggregate principal amount of \$200,000,000;
- (n) a twentieth supplemental trust indenture dated as of October 13, 2022 relating to the issuance of Series 19 senior unsecured debentures in the aggregate principal amount of \$300,000,000;
- (o) a twenty-first supplemental trust indenture dated as of June 14, 2023 relating to the issuance of Series 20 senior unsecured debentures in the aggregate principal amount of \$250,000,000;
- (p) a twenty-second supplemental trust indenture dated as of October 12, 2023 relating to the issuance of Series 21 senior unsecured debentures in the aggregate principal amount of \$200,000,000; and
- (q) a twenty-third supplemental trust indenture dated as of September 26, 2024 relating to the issuance of Series 22 senior unsecured debentures in the aggregate principal amount of \$250,000,000.

Each of these supplemental trust indentures supplement the terms of the Trust Indenture, which contains customary covenants and representations by the Corporation for the public issuance of debt securities in the Canadian capital market.

Copies of these material contracts are available on the SEDAR+ website at sedarplus.ca.

PART 15 - NAMED AND INTERESTS OF EXPERTS

The external auditor of the Corporation is KPMG LLP. KPMG LLP is independent within the meaning of the Chartered Professional Accountants of Ontario Code of Professional Conduct.

PART 16 - TRANSFER AGENTS AND REGISTRARS

The trustee and registrar for the outstanding Debentures of the Corporation is BNY Trust Company of Canada, located in Toronto, Ontario.

PART 17 - ADDITIONAL INFORMATION

Additional information relating to the Corporation, including additional financial information provided in the Consolidated Financial Statements and Management's Discussion and Analysis, is available on the SEDAR+ website at sedarplus.ca.

ANNEX A - CHARTER – AUDIT COMMITTEE

1. General

- (1) Recognizing the status of Toronto Hydro Corporation (**Corporation**) as a public reporting issuer and its related obligations under applicable securities laws, as well as the importance of its financial integrity and transparency to its shareholder, investors and public, the board of directors (**Board**) of the Corporation has established the Audit Committee (**Committee**) to assist the Board and the boards of directors of the Corporation's subsidiary entities in fulfilling their respective corporate governance and oversight responsibilities with respect to financial reporting processes, internal control over financial reporting, financial risk management systems, internal audit and external audit functions.
- (2) The composition, responsibilities and authority of the Committee are set out in this Charter.
- (3) This Charter and the by-laws of the Corporation and such other procedures, not inconsistent therewith, as the Committee may adopt from time to time shall govern the meetings and procedures of the Committee.

2. Composition

- (1) The Committee shall be composed of at least three persons who are directors of the Corporation (**Members**):
 - (a) all Members must be independent, (as determined by the Board in accordance with the meaning of "independence", as the context requires, given to it in the Canadian Securities Administrators' National Instrument 52-110 Audit Committees); and
 - (b) at least one of whom, including the chair of the Committee (**Chair**) is financially literate (ie, have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the accounting issues that can reasonably be expected to be raised by the financial statements of the Corporation).
- (2) Members shall be appointed by the Board on the recommendation of the Chair of the Board, and shall serve until they resign, cease to be a director of the respective Board, as applicable, or are removed or replaced by the Board.
- (3) The Board shall designate one of the Members as Chair. The Committee shall periodically review the position description of the Chair and make recommendations to the Board.
- (4) The executive officer with the authority to act as Chief Financial Officer (**Designated Representative**) shall be appointed from time to time to act as the principal interface between the Committee and other senior management of the Corporation and its subsidiary entities.
- (5) The Secretary of the Corporation shall be secretary of the Committee (**Secretary**).
- (6) The Chair of the Corporation's Board of Directors shall be an *ex-officio* Member of the Committee with all of the responsibilities and privileges thereof, but shall only count towards meeting quorum requirements if in attendance at the meeting.

3. Responsibilities

The Committee shall assist the Board and the boards of directors of the Corporation's subsidiary entities in fulfilling their corporate governance and oversight responsibilities with respect to the

identification of the principal financial and audit risks of the Corporation and its subsidiary entities and overseeing the implementation of appropriate systems to manage these risks. In particular, the Committee shall have the responsibilities set out below.

(1) ***Managing the Relationship between the Corporation and its Subsidiaries and their External Auditors***

The Committee shall be responsible for managing the relationship between the Corporation and its subsidiary entities and their external auditors, including:

- (a) appointing and replacing the external auditors, subject to the Boards of Directors and shareholder approval;
- (b) setting the compensation of the external auditors subject to the approval of the board of directors or shareholder, as applicable;
- (c) overseeing the work of the external auditors, including resolving disagreements between management and the external auditors with respect to financial reporting;
- (d) pre-approving all audit services and permitted non-audit services to be provided to the Corporation and its subsidiary entities by the external auditors in accordance with the "Policy on the Provision of Services by the External Auditors";
- (e) having the external auditors report to the Committee in a timely manner with respect to all required matters, including those set out in paragraph 3(2);
- (f) overseeing the rotation of the external audit partner having primary responsibility for the external audits of the Corporation and its subsidiary entities at such intervals as may be required; and
- (g) reviewing and assessing the performance, independence and objectivity of the external auditors.

(2) ***Overseeing the External Audits***

The Committee shall be responsible for overseeing the external audits of the Corporation and its subsidiary entities, including:

- (a) reviewing and approving the engagement letters and the external audit plans, including financial risk areas identified by the external auditors and management;
- (b) reviewing and assessing the accounting and reporting practices and principles used by the Corporation and its subsidiary entities in preparing their financial statements, including:
 - (1) all significant accounting policies and practices used, including changes from preceding years and any proposed changes for future years;
 - (2) all significant financial reporting issues, estimates and judgments made;
 - (3) all alternative treatments of financial information discussed by the external auditors and management, the results of such discussions and the treatments preferred by the external auditors;

- (4) any major issues identified by the external auditors with respect to the adequacy of internal control systems and procedures and any special audit steps adopted in light of material deficiencies and weaknesses;
 - (5) the effect of regulatory and accounting initiatives and off-balance sheet transactions or structures on the financial statements;
 - (6) any errors or omissions in, and any required restatement of, the financial statements for preceding years;
 - (7) all significant tax issues;
 - (8) the reporting of all material contingent liabilities; and
 - (9) any material written communications between the external auditors and management;
- (c) reviewing and assessing the results of the external audit and the external auditors' opinion on the financial statements;
 - (d) reviewing and discussing with the external auditors and management any management or internal control letters issued or proposed to be issued by the external auditors;
 - (e) reviewing and discussing in camera with the external auditors any problems or difficulties encountered by them in the course of their audit work and management's response (including any restrictions on the scope of activities or access to requested information and any significant disagreements with management);
 - (f) reviewing and assessing the results, reporting and any recommendations, and any response and actions by the Corporation or its subsidiary entities, arising from external audit, compliance and oversight investigations, enquiries or overviews of Toronto Hydro completed by regulators, government agencies or oversight bodies, including oversight bodies appointed by the Corporation's shareholder; and
 - (g) reviewing and discussing with legal counsel any legal matters that may have a material impact on the financial statements, operations, assets or compliance policies of the Corporation and its subsidiary entities and any material reports or enquiries received by the Corporation and its subsidiary entities from regulators or government agencies.

(3) ***Overseeing the Internal Audits***

The Committee shall be responsible for overseeing the internal audit activities of the Corporation and its subsidiary entities, including:

- (a) periodically reviewing the Internal Audit Charter and making recommendations to the Board;
- (b) ensuring that the internal auditor has organizational independence and direct access to the Committee, including the ability to escalate significant concerns without interference;
- (c) reviewing and approving the internal audit plans, including significant risk exposures identified by the internal auditor and management;
- (d) reviewing and discussing with the internal auditor and management the results of any internal audits;

- (e) monitoring management's progress in addressing and implementing internal audit findings and recommendations;
- (f) ensure the Audit Committee meets with the internal auditor in-camera, without the presence of management, to discuss sensitive or confidential matters;
- (g) reviewing and discussing with the internal auditors any problems or difficulties encountered by them in the course of their audit work and management's response (including any restrictions on the scope of activities or access to requested information and any significant disagreements with management);
- (h) appointing and replacing the internal auditor;
- (i) reviewing and assessing the performance of the internal auditor;
- (j) ensuring the Committee is kept informed of emerging trends and successful practices in internal auditing;
- (k) confirming there is effective and efficient coordination of activities between internal and external auditors;
- (l) reviewing the adequacy of resources allocated to the internal audit function to ensure it can effectively execute its responsibilities; and
- (m) ensuring the internal audit team receives proper training and professional development opportunities to maintain technical proficiency and align with evolving standards and risks.

(4) ***Reviewing and Recommending to the Respective Boards for Approval the Financial Reporting of the Corporation and its Subsidiaries***

The Committee shall review and recommend to each respective board of directors, as applicable, for approval, the financial statements, management's discussion and analysis of financial condition and results of operations (***MD&A***), interim financial reports of the Corporation and its subsidiaries, annual information form (***AIF***) (other than executive compensation) of the Corporation, related press releases and other public disclosure of financial information extracted from the financial statements of the Corporation and its subsidiaries with particular focus on:

- (a) the quality and appropriateness of accounting and reporting practices and principles and any changes thereto;
- (b) major estimates or judgments, including alternative treatments of financial information discussed by management and the external auditors, the results of such discussions and the treatment preferred by the external auditors;
- (c) material financial risks;
- (d) material transactions;
- (e) material adjustments;
- (f) compliance with loan agreements;
- (g) material off-balance sheet transactions and structures;

- (h) compliance with accounting standards;
- (i) compliance with legal and regulatory requirements;
- (j) controls; and
- (k) disagreements with management.

(5) ***Overseeing Internal Controls over Financial Reporting and Financial Risk Management Systems***

The Committee shall be responsible for overseeing the internal financial control structure and financial risk management systems of the Corporation and its subsidiary entities, including:

- (a) reviewing and discussing with management and the external auditors the quality and adequacy of internal control over financial reporting structures of the Corporation and its subsidiary entities, including any major deficiencies or weakness and the steps taken by management to rectify these deficiencies or weaknesses;
- (b) reviewing and discussing with management, the internal auditor and the external auditors the financial risk assessment and risk management policies of the Corporation and its subsidiary entities, the resulting financial risk exposures of the Corporation and its subsidiary entities, and the steps taken by management to monitor and control those exposures;
- (c) reviewing and discussing with the Chief Executive Officer and the Chief Financial Officer of the Corporation the procedures undertaken by them in connection with the certifications required to be given by them in connection with annual and other filings required to be made by the Corporation under applicable securities laws; and
- (d) periodically reviewing the Treasury Policy Register and making recommendations to the Board in respect of such policy and reviewing performance under this policy with Management.

(6) ***Establish and Review Certain Procedures, Policies and Reporting***

The Committee shall establish adequate policies and procedures, or require that adequate policies, procedures and reporting are established, with respect to the following, and shall annually, or on such other schedule as stated herein, assess the adequacy of these procedures:

- (a) the review of the public disclosure of financial information extracted from the financial statements of the Corporation;
- (b) the receipt, retention and treatment of complaints received by the Corporation with respect to accounting, internal controls or auditing matters;
- (c) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
- (d) the approval by the Committee of the hiring policies for any present or former partner or employee of the current and former external auditor into a position of senior management with the Corporation or its subsidiaries;

- (e) the periodic review of the Policy on the Provision of Services by the External Auditors and Expense Reimbursement Policy, and provision of recommendations to the Board in respect of the same;
 - (f) annually reviewing Toronto Hydro's insurance program, its coverages and policies, and reporting concerning the same to the Board;
 - (g) on a quarterly basis, reviewing and reporting to the Board in respect of the report of Internal Audit with respect to incidents regarding questionable accounting or auditing matters investigated under the Code of Business Conduct and Whistleblower Procedure during the previous quarter; and
 - (h) reviewing, on an annual basis, the report of Internal Audit concerning executive and Board expense reimbursements made in accordance with the Corporation's Expense Reimbursement Policy.
- (7) ***Review and Recommendations for Dividend Payment***
- (a) The Committee shall be responsible for reviewing and making recommendations to each respective board of directors, as applicable, with respect to the declaration of dividends or distribution of capital by the Corporation or its subsidiary entities.
- (8) ***Overseeing the Corporate Compliance Program***
- (a) The Committee shall be responsible for overseeing and periodically receiving update reports from the responsible Executive concerning the Corporation's compliance program.
 - (b) The Corporate Compliance Program focuses on compliance with federal and provincial statutes, regulations, codes, and City of Toronto by-laws. It excludes internal policies, procedures, contractual terms, or industry standards unless required by law.
- 4. Authority**
- (1) The Committee is authorized to carry out its responsibilities as set out in this Charter and to make reports and recommendations to the Board and the boards of directors of the Corporation's subsidiaries arising therefrom.
 - (2) The Committee may delegate by written policy to the Chair and the Executive Vice-President and Chief Financial Officer of the Corporation (**CFO**) the authority, within specified limits, to authorize in advance all engagements of the external auditors to provide pre-approved services to the Corporation and its subsidiary entities. The Chair and the CFO shall report all engagements authorized by them to the Committee at its next regular meeting.
 - (3) The Committee shall have direct and unrestricted access to the external and internal auditors, officers and employees and information and records of the Corporation and its subsidiary entities.
 - (4) The Committee is authorized to retain, and to set and pay the compensation of, independent legal counsel and other advisors if it considers this appropriate.
 - (5) The Committee is authorized to invite officers and employees of the Corporation and its subsidiaries and outsiders with relevant experience and expertise to attend or participate in its meetings and proceedings if it considers this appropriate.

- (6) The external auditors shall have direct and unrestricted access to the Committee and shall report directly to the Committee.
- (7) The Corporation shall pay directly or reimburse the Committee for the expenses incurred by the Committee in carrying out its responsibilities, in accordance with the Corporation's Expense Reimbursement Policy.

5. Meetings and Proceedings

- (1) The Committee shall meet as frequently as required but not less frequently than four times each year.
- (2) Any Member or the Secretary may call a meeting of the Committee. The external auditors or the CFO may ask a Member to call a meeting of the Committee. The Chair, along with the Designated Representative, is responsible for the agenda of each meeting of the Committee, including input from the officers and employees of the Corporation and its subsidiary entities, external auditors, other Members, and other directors of the Corporation as appropriate. Meetings will include presentations by management and others when appropriate and allow sufficient time to permit a full and open discussion of agenda items.
- (3) Unless waived by all Members, a notice of each meeting of the Committee confirming the date, time, place and agenda of the meeting, together with any supporting materials, shall be forwarded, electronically or otherwise, to each Member at least three days before the date of the meeting.
- (4) The quorum for each meeting of the Committee is at least 50% of the Members. In the absence of the Committee Chair, the other Members may appoint one of their number as chair of a meeting. The Chair of a meeting shall not have a second or casting vote.
- (5) The Committee Chair, or a delegate of the Committee Chair, or the appointed chair of a specific Committee meeting shall report to the Board following each meeting of the Committee.
- (6) The Secretary or a delegate of the Secretary shall keep minutes of all meetings of the Committee, including all resolutions passed by the Committee. Minutes of all meetings shall be distributed to the Members. The minutes shall be available for review by the other directors of the Corporation after approval thereof by the Committee.
- (7) An individual who is not a Member may be invited to attend a meeting of the Committee for all or part of the meeting. A standing invitation to all meetings shall be given to the President and Chief Executive Officer of the Corporation and the CFO, except where the meeting, or part of the meeting, is for Members only or a private session with the internal auditor or the external auditors. A standing invitation should be given to the internal auditor and the engagement partners of the external auditors for all meetings where financial information is reviewed and approved.
- (8) The Committee shall meet regularly alone and in separate private sessions with each of the internal auditor, the external auditors and management of the Corporation to facilitate full communication.

6. Review

- (1) This Charter shall be reviewed by the Sustainable Corporate Governance Committee of the Corporation every three (3) years or less. Any changes proposed as a result of Management review and benchmarking shall be referred first to the Audit Committee for review and comment and second, after consideration of the input from the Audit Committee by the Sustainable Corporate Governance Committee, then be submitted to the Board of the Corporation for consideration and disposition. Recommended changes may be initiated by the Sustainable Corporate Governance Committee, the Chief Financial Officer, or the Committee Chair at any time.
- (2) In addition to the triennial review, the Audit Committee may at any time review the Charter and make recommendations to the Sustainable Corporate Governance Committee for their review and recommendations to the Board with respect thereto.

ANNEX B - MANDATE – BOARD OF DIRECTORS

1. General

- (1) The board of directors (**Board**) of Toronto Hydro Corporation (**Corporation**) is responsible for supervising the management of the business and affairs of the Corporation and its subsidiary entities (**Group**). The Board is authorized to guide and oversee the overall strategy of the Group and the relationship of risk, sustainability, legal requirements, the Shareholder and other key stakeholders to that strategy.
- (2) The composition, responsibilities, and authority of the Board are set out in this Mandate.
- (3) This Mandate, the Shareholder Direction issued by the City of Toronto (**Shareholder**) and the by-laws of the Corporation and such other procedures, not inconsistent therewith, as the Board may adopt from time to time shall govern the meetings and procedures of the Board.
- (4) The appendices attached hereto are hereby incorporated into this Mandate and made part hereof.

2. Composition

- (1) The directors of the Corporation (**Directors**) should have a mix of competencies and skills necessary to enable the Board and Board committees to properly discharge their responsibilities.
- (2) In accordance with its Articles of Amalgamation, the Corporation shall have a minimum of one and a maximum of eleven Directors.
- (3) All of the Directors shall be residents of the city of Toronto.
- (4) To support the Shareholder in its review of candidates for director roles and the assessment of the existing Board, the Corporation has developed a Board skills/competencies matrix, which shall be reviewed and modified from time to time, and not less than every three (3) years, by the Board and which provides a mechanism for determining the key skills required of directors and the Board as a whole and ensuring these skills are accounted for among current and prospective directors. The Board shall make this document available to the Shareholder as guidance and a tool to be employed in the selection of director candidates. The matrix currently approved by the Board is attached hereto as Appendix 2.
- (5) The Board shall appoint a Chair of the Board upon the nomination of the Shareholder from time to time.
- (6) The Secretary of the Corporation shall be secretary of the Board (**Secretary**).

3. Responsibilities

- (1) The Board is responsible for supervising the management of the business and affairs of the Group, including the following specific matters:
 - (a) establishing sound financial principles and performance objectives;
 - (b) approving any dividend payment or distribution of capital;
 - (c) appointing the officers of the Corporation;
 - (d) approving the overall business strategy and related business plan for the Group;

- (e) approving the financing strategy, including the selection of financial institutions and related banking authorities;
 - (f) overseeing labour and employee relations matters; and
 - (g) approving the financial statements in accordance with the requirements of the *Business Corporations Act* (Ontario).
- (2) The Board is responsible for ensuring the highest level of integrity in the actions of the Board and management, respect and trust among Directors, the open and timely sharing of all relevant information among all Directors to ensure that all Directors have complete information, a commitment by Directors to good governance practices, and a willingness on the part of the Directors to function in a collaborative manner. In conducting their roles and responsibilities to the Corporation, Directors are expected to exhibit the following characteristics:
- (a) leadership, including ability to make, and take responsibility for, decisions and take necessary actions in the best interest of the organization, set appropriate Board and organizational culture and represent the organization favourably;
 - (b) personal integrity / ethics, including understanding and fulfilling the duties and responsibilities of a director, being transparent and declaring any activities or conduct that might be a potential conflict, and maintaining Board confidentiality;
 - (c) communications skills, including ability to listen constructively and appropriately debate others' viewpoints, develop and deliver cogent arguments, and communicate effectively with a broad range of stakeholders;
 - (d) constructive questioning, including preparedness to ask questions and challenge management and peer directors in a constructive and appropriate manner;
 - (e) critical and innovative thinking / decision making, including ability to critically analyze complex and detailed information, readily distill key issues, and develop innovative approaches and solutions to problems;
 - (f) influencing and negotiating, including ability to negotiate outcomes and influence others to agree with those outcomes and gain stakeholder support for the Board's decisions;
 - (g) crisis management, including ability to constructively manage crises, provide leadership around solutions and contribute to communications strategy with stakeholders;
 - (h) individual and team contribution, including ability to work as part of a team, and demonstrate the passion and time to make a genuine and active contribution to the Board and the organization;
 - (i) commercial sensitivity and acumen; and
 - (j) independence of judgement.
- (3) In discharging their responsibilities, the Directors owe the following duties to the Corporation:
- a fiduciary duty:* they must act honestly and in good faith with a view to the best interests of the Corporation; and
- a duty of care:* they must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

In discharging their responsibilities, the Directors are entitled to rely on the honesty and integrity of the officers of the Corporation and the auditors and other professional advisors of the Corporation.

In discharging their responsibilities, the Directors are also entitled to directors and officers liability insurance purchased by the Corporation and indemnification from the Corporation to the fullest extent permitted by law and the constating documents of the Corporation.

- (4) The Board has specifically recognized its responsibilities for:
- (a) to the extent feasible, satisfying itself as to the integrity of the President and Chief Executive Officer (**CEO**) and other officers of the Group and that the CEO and other officers of the Group create a culture of integrity throughout the Group;
 - (b) adopting a strategic planning process and approving as appropriate a strategic plan which takes into account, among other things, the opportunities and risks of the business of the Group;
 - (c) considering and overseeing the strategic development of new business opportunities and innovation;
 - (d) overseeing the identification of the principal risks of the business of the Group and overseeing the implementation of appropriate systems to manage these risks;
 - (e) overseeing the Group's compliance with Laws;
 - (f) overseeing sustainability strategy, approaches and matters relating to the Group and ensuring its alignment with the overall corporate strategy to drive sustainable value creation;
 - (g) interaction of the Board with the Shareholder in accordance with the Shareholder Direction subject to the duties of the Directors at law and the Corporation's policies;
 - (h) overseeing the integrity of the internal control and management information systems of the Group;
 - (i) receiving regular reports from the CEO on matters of strategic importance to the Corporation;
 - (j) succession planning, talent management and diversity, equity and inclusion (including training and monitoring the officers of the Group);
 - (k) reviewing and assessing the Corporation's remuneration policies for alignment with the Corporation's purpose, values, strategic objectives, and risk appetite, and ensuring that incentives drive long-term shareholder value and responsible business practices;
 - (l) recruiting and assessing the performance of the CEO, the compensation of the CEO and other officers of the Group, executive compensation disclosure and oversight of the compensation structure and benefit plans and programs of the Group;
 - (m) assessing the effectiveness of the Board;
 - (n) adopting and undertaking periodic review of a disclosure policy for the Group;

- (o) developing and overseeing the orientation of new Directors, and the continuing education of existing Directors, of the Group; and
 - (p) developing the approach of the Corporation to corporate governance including a periodic review of the Code of Business Conduct and Whistleblower Procedure of the Group.
- (5) In addition to those matters which must by law be approved by the Board, the Board oversees the development of, and reviews and approves, significant corporate plans and initiatives, including the annual business plan and budget, major acquisitions and dispositions and other significant matters of corporate strategy or policy, including the Environmental Policy, Occupational Health and Safety Policy, Code of Business Conduct and Whistleblower Procedure, Disclosure Policy, Signing Policy and Treasury Policy.
 - (6) In undertaking its responsibilities and overseeing and authorizing the activities of the Corporation, the Board shall consider the interests of its customers, as well as considering and balancing the interests of such other stakeholders as appropriate in the circumstances.
 - (7) The Board shall periodically review the Shareholder Direction and make recommendations to the Shareholder to facilitate and clarify interaction and communication between the Shareholder and the Board.
 - (8) The Board shall periodically review the performance of the Board and the Corporation's subsidiary entities against the Shareholder Direction.
 - (9) The Board may delegate certain of its functions to Board committees, each of which will have its own charter to be approved by the Board. The Board relies upon the reporting that it receives from its authorized committees in accordance with the functions assigned to them and has entrusted the committees with the authority to complete their functions. The Board shall periodically review the structure and mandate of each Board committee, the effectiveness of each committee, and the appointment and removal of committee members.
 - (10) The Board shall periodically review performance under the Environmental and Occupational Health and Safety policies with management.
 - (11) To assist the Directors in discharging their responsibilities, the Board expects management of the Corporation to:
 - (a) review and update as appropriate the strategic plan and report regularly to the Board on the implementation of the strategic plan in light of evolving conditions;
 - (b) prepare and present to the Board annually (or more frequently if appropriate) a business plan and budget and report regularly to the Board on the Group's performance against the business plan and budget; and
 - (c) report regularly to the Board on the Corporation's business and affairs and on any matters of material consequence for the Corporation and its Shareholder.

Additional expectations are developed and communicated during the strategic planning and budgeting process and during regular Board and Board committee meetings.

- (12) The Board considers that generally management should speak for the Corporation in its communications with securities holders and the public. The Board reviews the Corporation's continuous and timely material disclosure with securities holders and the public. All disclosures on behalf of the Corporation are to be made in compliance with the Corporation's disclosure policy.

- (13) Directors are expected to attend Board meetings and meetings of Board committees of which they are members. Directors are also expected to spend the time needed, and to meet as frequently as necessary, to discharge their responsibilities.
- (14) Directors are expected to undertake such activities as are required from them to remain current in their knowledge of issues relating to the business of the Group and matters relating to any Board committee of which they are members. Where, in the Director's opinion, information should be requested from officers of the Group in order to enhance their knowledge of issues relating to the business of the Group, Directors shall consult the Chair of the Board, or Chair of any Board committee as applicable, and such Chair will be responsible for requesting the relevant reports or presentations from the officers of the Group and facilitating the delivery of such information to the Board or Board committee as a whole.
- (15) Directors are expected to comply with the Code of Business Conduct and Whistleblower Procedure of the Group.

4. Authority

- (1) The Board is authorized to carry out its responsibilities as set out in this Mandate.
- (2) The Board is authorized to retain, and to set and pay the compensation of, independent legal counsel and other advisors if it considers this appropriate.
- (3) The Board is authorized to invite officers and employees of the Group and others to attend or participate in its meetings and proceedings if it considers this appropriate.
- (4) The Directors have reasonable unrestricted access to the officers of the Corporation. The Directors will use their judgment to ensure that any such contact is not disruptive to the operations of the Corporation. To ensure a constructive and orderly process, all requests for information from officers shall be made by Directors through the Chair of the Board, or Chair of any Board committee as applicable, and developed in consultation with the Board. Directors will advise the Chair of the Board, or Chair of any Board committee as applicable, and CEO of the Corporation of any direct communications between them and the officers of the Corporation. All written communications (unrelated to specific information requests to be made through the applicable Chair) from Directors to the officers of the Corporation should be copied to the Chair of the Board and CEO and, in the case of accounting and financial matters, the Chair of the Audit Committee and the CFO.
- (5) The Board and the Directors have unrestricted access to the advice and services of the Secretary.

5. Meetings and Proceedings

- (1) The Board shall meet as frequently as is determined to be necessary but not less than four times each year.
- (2) Any Director or the Secretary may call a meeting of the Board.
- (3) The Chair is responsible for the agenda of each meeting of the Board, including input from other Directors and the officers and employees of the Group as appropriate. Meetings will include presentations by management and others when appropriate and allow sufficient time to permit a full and open discussion of agenda items.

- (4) Unless waived by all Directors, a notice of each meeting of the Board confirming the date, time, place and agenda of the meeting, together with any supporting materials, shall be forwarded to each Director at least 48 hours before the date of the meeting.
- (5) The quorum for each meeting of the Board is a majority of the number of Directors. In the absence of the Chair, the other Directors shall appoint one of their number as chair of a meeting. The chair of a meeting shall not have a second or casting vote.
- (6) The Secretary or his delegate shall keep minutes of all meetings of the Board, including all resolutions passed by the Board. Minutes of meetings shall be distributed to the Directors.
- (7) An individual who is not a Director may be invited to attend a meeting of the Board for all or part of the meeting.
- (8) The Directors shall meet alone regularly to facilitate full communication.

6. Review

- (1) This Mandate shall be reviewed by the Sustainable Corporate Governance Committee every 3 years and any recommended changes shall be brought to the Board of the Corporation for consideration and disposition.

TORONTO HYDRO CORPORATION

Appendix 1 - Addendum to Board of Directors Mandate

1. General

- (1) The composition, responsibilities, and authority of the board of directors (**Board**) of Toronto Hydro Corporation (**Corporation**) are set out in the Board of Directors Mandate (**Mandate**), as amended from time to time.
- (2) This addendum (**Addendum**), the Corporation's Code of Business Conduct and Whistle Blower Procedure (**Code**) and such other procedures, not inconsistent therewith, as the Board may adopt from time to time, is intended to:
 - (a) guide directors as how to identify and bring forward potential conflicts of interest in respect of: (i) other governance-level appointments as directors, officers, board members, adjudicators, commissioners or similar governing roles (**Governance-Level Roles**), and (ii) employee engagements, consulting arrangements, volunteer engagements and relationships where the director is likely to have access to confidential or strategic information or otherwise be in a position where the interests of Toronto Hydro may intersect or conflict from time to time with the interests of the organizations involved (**Material Engagements**); and
 - (b) outline the Board process for reviewing and constructively dealing with such situations in a manner that maximizes the participation of all directors in Board discussions and decisions.
- (3) This addendum forms part of, and does not replace the Mandate.

2. Meaning of Conflict of Interest

- (1) In accordance with the Code, a **conflict of interest** occurs when a director's direct or indirect personal interests, activities, or relationships could compromise, or could reasonably appear to compromise his or her ability to perform his or her responsibilities objectively and in the best interest of the Corporation and its subsidiaries (collectively, **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 a director's judgment in the best interests of Toronto Hydro.
- (2) As examples for purposes of this Addendum, situations that might give rise conflicts of interest or the appearance of a conflict of interest with respect to outside interests include situations where a director:
 - (a) Holds a Governance-Level Role or Material Engagement for any competitor or any actual or current, active potential business partner (including as a supplier or vendor to Toronto Hydro or its shareholder, or a key account customer);
 - (b) Is hired for, nominated for, or accepts an appointment to a board or as executive of any business or enterprise that might benefit from, or be in conflict with, the activities of Toronto Hydro or the Board;
 - (c) Holds a Governance-Level Roles or Material Engagement with regulators of material significance to Toronto Hydro (**Material Regulators**). For greater certainty, Material Regulators include, without limitation, the Ontario Ministry of Energy, the Ontario Energy

Board, the Independent Electricity System Operator and the Ontario Securities Commission; or

- (d) Any other situation of conflict of interest or potential conflict of interest relating to Governance-Level Roles or Material Engagements set out in the Code.

3. Reporting conflict of interest

- (1) Where a director finds himself or herself in a conflict of interest, or identifies a potential situation where he or she may find himself or herself in a conflict of interest, that director should contact the Chair of the Sustainable Corporate Governance Committee (SCGC). If the Chair of the SCGC finds himself or herself in such a situation, the Chair of the SCGC should contact the Chair of the Board, who will then conduct the activities of the Chair of the SCGC described below in place of the Chair of the SCGC.
- (2) For greater certainty, where a director receives an offer for nomination to a Governance-Level Role or a Material Engagement, they should contact the Chair of the SCGC once any obligations of confidentiality with respect to that offer permit them to do so.

4. Board process for reviewing conflicts of interest

- (1) Upon being notified by a director of an existing or potential conflict of interest, the Chair of the SCGC will meet with that director to consider and discuss whether:
 - (a) the conflict of interest exists;
 - (b) if the conflict of interest exists, whether it might compromise or appear to compromise the independent exercise of judgment by the directors and their ability to act in the best interests of Toronto Hydro; and
 - (c) if such a compromise exists, whether there are administrative processes (**Administrative Processes**), including without limitation, processes for the directors to recuse themselves from related discussions that can be put in place to limit or eliminate the conflict while maximizing the participation of all directors in Board discussions and decisions; or whether the compromise is so pervasive as to lead the director to voluntarily resign from the Board.
- (2) In the course of considering whether a conflict of interest exists, and what actions, if any, are to be taken, the Chair of the SCGC may consult with the Chair of the Board, other members of the SCGC and the Board, relevant members of management of Toronto Hydro including the Chief Executive Officer and Chief Legal Officer, and shareholder, outside legal counsel and other advisors, all in confidence as the Chair of the SCGC feels is necessary to resolve the issue.
- (3) If the director and the Chair of the SCGC are able to agree on a course of action, the Chair of the SCGC will record the arrangement and provide a copy of it to the Chair of the Board who may disseminate it as necessary. In addition, Administrative Processes will be made known to the balance of the Board as it relates to future Board discussions and decisions.
- (4) If the director and the Chair of the SCGC are unable to agree on a course of action, the matter will be escalated to the Steering Committee of the Board for further discussion and consideration which may include a recommendation to the Shareholder that the director be removed from the Board.

- (5) For greater certainty, nothing in this policy detracts from or absolves a director of his or her responsibility to review their own potential conflicts and make declarations as to the same as they arise, including at each Board or Committee meeting which he or she attends.

TORONTO HYDRO CORPORATION

Appendix 2 - Board Skills and Competencies Matrix

Director	Professional Designation / Occupation	Consecutive Years on TH Board			Top Competencies ⁽¹⁾																							
		0-2 years	2-6 years	6-8 years	BOARD / GOVERNANCE	SENIOR EXEC	LARGE COMPANY EXPERIENCE	ENERGY INDUSTRY REGULATORY	GOVERNMENT / PUBLIC POLICY /	AUDIT	OSC REQUIREMENTS – ACCOUNTING /	RELATIONSHIP	CUSTOMER	MASS MARKET	SECURITY	TECHNOLOGY /	HUMAN RESOURCES & LABOUR RELATIONS	RISK MANAGEMENT	TRANSFORMATION	BUSINESS	STRATEGY AND SUSTAINABILITY	HEALTH & SAFETY / ENVIRONMENT /	CONSTRUCTION	ENGINEERING AND	ASSET PLANNING,	OVERALL RATING		
Citizen Directors																												
Chair of the Board																												
Vice-Chair																												
Director A																												
Director B																												
Director C																												
Director D																												
Director E																												
Councillor Directors																												
Director F																												
Director G																												
Director H																												

●	Worked directly or had individuals directly reporting to you in specific area (3 points)
●	Have general experience in specific area (2 points)
●	Limited experience or expertise in specific area (1 point)
●	No experience or expertise in specific area (0 points)

Competencies highlighted in blue are priority items and scored with a 1.5 x weighting. All other competencies are weighted with a 1.0 x weighting. Definition of competencies:

- **Board / Governance** – Experience as a Board member of publicly-listed company (incl. non-listed companies with public debt or large private debt programs), and understanding of the requirements of good corporate governance.
- **Large Company Senior Exec** – Experience as a chief executive officer, president, chief financial officer, or chief operating officer of a publicly listed company/major organization⁽²⁾.
- **Energy Industry Experience** – Experience in regulated electricity utility sector at an Executive or Board level.

- **Government / Public Policy / Regulatory** – Experience in government and public policy in Ontario at the Executive or Board level. Knowledge of and ability to monitor compliance of legal and regulatory requirements.
- **OSC Requirements** – Accounting / Audit – Experience in corporate finance, accounting and audit sufficient to analyze financial statements (of a sophistication comparable to those of a rate-regulated utility), assess financial viability, contribute to financial planning, oversee budgets, and oversee funding arrangements in a publicly listed company/major organization.
- **Mass Market Customer Relationship** – Executive experience with mass consumer-facing business in a publicly listed company/major organization.
- **Technology / Security** – Knowledge at Executive level of advanced industrial and/or information technology (including privacy, data management, and security) in a publicly listed company/major organization.
- **Human Resources & Labour Relations** – Experience with appointment and evaluation of senior executives and senior executive compensation; oversight of strategic human resource management; and unionized workforces in a major organization.
- **Risk Management** – Ability to assess key risks to the organization on an enterprise basis and monitor the risk management framework and systems.
- **Strategy and Business Transformation** – Ability to identify and critically assess strategic opportunities and threats and lead growth at the enterprise level.
- **Health & Safety / Environment / Sustainability** – Experience in workplace health and safety and environmental legislation and international standards and audits in a major organization.
- **Asset Planning, Engineering and Construction** – Executive experience in large-scale infrastructure projects or capital investment programs in a major organization.

Unique Status of Toronto Hydro (factors necessitating broad competency set)	Requirements by Profession, Designation or Experience	Additional Key Considerations
<ul style="list-style-type: none"> • Size of its operations and revenues (over \$4B in annual revenue) • Mass consumer-facing operations • Major engineering and construction activities • Ownership structure: Government-controlled entity • Extensively regulated operating and financial /funding regime • Requirements of a public reporting issuer • Central importance of occupational health and safety and environmental considerations due to nature of activity 	<ul style="list-style-type: none"> • 2 CEO's • 2 Accountants • 2 Lawyers • 1 Energy Industry Leader • 2 Engineers/Construction Industry Leaders • 1 Financial Markets Executive • 1 Technology Leader • 1 Consumer Mass Market Executive • 1 Government Relations Leader 	<ul style="list-style-type: none"> • Diversity of Thought • Geographical Limitations (restriction to Directors from Toronto) • Diversity considerations in line with City of Toronto's equity and diversity processes

Notes:

- (1) Market benchmark language for directors is that each possess at least four of the organization's top competencies. Competencies arising from non-TH experiences are weighted more heavily.
- (2) Major organization – governmental/regulatory body, public institution or industry organization with over \$50M in annual budget.