



2019 Environmental, Social Responsibility and Governance Report

We're proud to present our 2019 Environmental, Social Responsibility and Governance (ESG) report based on the internationally recognized Global Reporting Initiative (GRI) Standards. This is the fourth report¹ that Toronto Hydro has issued on its ESG performance in accordance with requirements from the GRI.

Toronto Hydro's 2019 ESG highlights include:

- Reduced greenhouse gases (GHGs) by 44%
- Improved system reliability
 - System Average Interruption Frequency Index (SAIFI) improved by more than 12% compared to 2018
 - System Average Interruption Duration Index (SAIDI) improved by more than 16% compared to 2018
- Invested more than \$580M primarily in the renewal of electrical infrastructure
- Achieved a Total Recordable Injury Frequency of 0.82
- Awarded CEA's President's Award of Excellence for Employee Safety for the fourth consecutive year
- Achieved certification and third-party assurance towards two internationally recognized Safety and Environmental Management System standards
- Reduced paper consumption by 21% compared to 2018
- Successfully advanced our information technology and operational technology systems to advance our modernization and innovation strategies
- Raised more than \$900,000 for the Ross Tilley Burn Centre (Sunnybrook Hospital) and the United Way

In addition to our continuing efforts to reduce GHGs, Toronto Hydro is building a more resilient distribution grid to withstand extreme weather events resulting from climate change. We have collaborated with the City of Toronto, Engineers Canada, and others in developing our resiliency strategy. For example, long term planning now uses climate change models instead of historical meteorological averages to determine future electrical demands.

Toronto Hydro's overall performance demonstrates a strong commitment to ESG and how it facilitates success in all areas of the corporation. For six years we have aligned our business practices with ISO 26000 Guidance on Social Responsibility, which has resulted in more efficient use of natural resources, greater productivity, and the integration of sustainability throughout our supply chain.

Handwritten signature of Anthony Haines.

Anthony Haines, President and CEO

Handwritten signature of Ave Lethbridge.

Ave Lethbridge, EVP and Chief Human Resources and Safety Officer

¹ Previous reports were known as "Corporate Responsibility Report"

Toronto Hydro has integrated ESG reporting throughout many of its externally published reports. The following index report highlights the GRI disclosures required for Toronto Hydro and provides links to where these disclosures have been externally reported. If the disclosure has not been externally reported previously, this report includes the relevant discussion.

GRI Indicator or DMA	Reference or information												
General Standard Disclosures													
Organizational Profile													
102-1 – Name of organization	Toronto Hydro Corporation												
102-2 – Activities, brands, products, and services	2019 Annual Information Form - page 13-14												
102-3 – Location of headquarters	Toronto Hydro’s registered office is located at 14 Carlton Street, Toronto, Ontario, Canada, M5B 1K5												
102-4 – Location of operations	Toronto, Ontario, Canada												
102-5 – Ownership and legal form	2019 Annual Information Form - page 12												
102-6 – Markets served	City of Toronto												
102-7 – Scale of the organization	Toronto Hydro delivers electricity to approximately 778,000 customers located in the City of Toronto.												
102-8 – Information on employees and other workers	<p>Toronto Hydro employed 1401 employees as of December 31, 2019. The breakdown of employees is as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>Permanent</th> <th>Contract</th> <th>Part-time</th> </tr> </thead> <tbody> <tr> <td>Male</td> <td>1008</td> <td>17</td> <td>0</td> </tr> <tr> <td>Female</td> <td>350</td> <td>23</td> <td>3</td> </tr> </tbody> </table>		Permanent	Contract	Part-time	Male	1008	17	0	Female	350	23	3
	Permanent	Contract	Part-time										
Male	1008	17	0										
Female	350	23	3										
102-9 – Supply chain	Toronto Hydro extends the sustainability program to its vendors and contractors through the consideration of sustainability measures during the vendor selection process and ongoing monitoring throughout the life of the contracts. A dedicated team is responsible for facilitating the timely and cost-effective procurement of services, materials and equipment. This team is also responsible for maintaining the inventory to support uninterrupted work and managing material handling costs. In 2019, Toronto Hydro procured, warehoused and distributed approximately \$110M in assets, and executed approximately 200 contracts for the supply of goods and services.												
102-10 – Significant changes to the organization and its supply chain	None												

102-11 – Precautionary principle or approach	Toronto Hydro has policies and has implemented standards and practices that serve to protect the natural environment, aligned with the precautionary principle.
102-12 – External Initiatives	<p>Toronto Hydro maintains the following external certifications:</p> <ol style="list-style-type: none"> 1. International Organization for Standardization (ISO) 14001:2015 Environmental Management Systems 2. ISO 45001:2018 Occupational Health and Safety Management System 3. BOMA BEST Certification for three out of four work centres: <ol style="list-style-type: none"> a. The Williams Centre (71 Rexdale Blvd) – BOMA BEST Gold b. 715 Milner Ave - BOMA BEST Gold c. 500 Commissioners St – BOMA BEST Silver 4. Canadian Electricity Association’s (CEA) Sustainable Electricity Company brand designation <p>Toronto Hydro is also a signatory on the voluntary Leadership Accord on Gender Diversity.</p>
102-13 – Membership of associations	Toronto Hydro maintains an active role in a number of associations including: Association of Electrical Utility Safety Professionals, Board of Canadian Registered Safety Professionals, Canadian Electricity Association, Canadian Standards Association and Infrastructure Health and Safety Association.
102-14 - Message from the Chair and President and CEO	Page 1 of this report
Ethics and Integrity	
102-16 – Values, principles, standards and norms of behaviour	<p>Toronto Hydro is committed to delivering safe and reliable electricity to its customers in an environmentally responsible manner at optimal costs.</p> <p>Additionally, an internal definition of sustainability has been created that guides the approach to sustainability. Toronto Hydro defines sustainability as “the elimination of waste”. Specifically, this includes the elimination of wasted natural resources, human potential and economic resources.</p> <p>Toronto Hydro has four corporate pillars: People, Financial Strength, Operations, and Customer Service. These pillars are at the core of the business strategy and are linked to the material sustainability issues for Toronto Hydro. Through these pillars, Toronto Hydro has engrained sustainability in all aspects of the business.</p>

Governance	
102-18 – Governance structure	<p>2019 Annual Information Form - page 42-44</p> <p>A number of Toronto Hydro’s material sustainability issues have been incorporated in corporate performance objectives including: service reliability, grid investment and occupational health and safety. Executive officers are eligible for performance-based incentive compensation when the company achieves its corporate performance objectives. Each of these performance objectives are reasonably difficult to attain and serve to encourage success and continual improvement in the executive officer’s performance and in Toronto Hydro’s overall results.</p>
Electric Utility Sector Disclosures	
G4-EU3 – Number of customer accounts	2019 Annual Information Form - page 16
G4-EU4 – Length of distribution lines	2019 Annual Information Form - page 15
Stakeholder Engagement	
102-40 – List of stakeholder groups	Toronto Hydro’s stakeholders include: customers, colleges and universities, employees, government bodies, industry associations, regulators and the City of Toronto (Toronto Hydro’s sole shareholder)
102-41 – Collective bargaining agreements	61% of permanent employees are covered by collective bargaining units. Labour unions: The Power Workers’ Union (PWU), The Society of United Professionals
102-42 – Identifying and selecting stakeholders	Toronto Hydro selects the stakeholders with whom to engage on sustainability issues based on their influence, impact and responsibility.
102-43 – Approach to stakeholder engagement	Communication with stakeholders is completed through a variety of methods, including surveys, participation in working groups, internal and external newsletters, etc.
102-44 – Key topics and concerns raised	The key topics and concerns raised are included in the list of material topics (refer to disclosure 102-47).
Reporting Practice	
102-45 – Entities included in the consolidated financial statements	2019 Annual Financial Report - page 6
102-46 – Defining report content and topic boundaries	The content for the Toronto Hydro’s sustainability communications and this summary report were determined through extensive discussions with various stakeholders (further information provided in the materiality assessment section of this report). While developing sustainability content Toronto Hydro also applied the four reporting principles from the GRI Standards: Stakeholder Inclusiveness, Sustainability Context, Materiality, and Completeness.

102-47 – List of material topics	<p>Toronto Hydro’s material topics are: Service Reliability, Grid Investment, Public Health and Safety, Occupational Health, Safety and Wellness, Emergency Preparedness and Response.</p> <p>Other sustainability topics raised by Toronto Hydro’s stakeholders include: Air Emissions, Climate Change, Conservation and Demand Management, Economic Performance, Employee Attraction and Retention, Waste and Spills Management, Materials Selection and Usage, Responsible Communication and Education, Strategic Community Sponsorship, Training and Education.</p>
102-48 – Restatements of information	None
102-49 – Changes in reporting	None
102-50 – Reporting period	The calendar year ended December 31, 2019.
102-51 - Date of most recent report	Toronto Hydro’s latest report was for the 2017 and 2018 calendar years. The report was released on February 3, 2020.
102-52 - Reporting cycle	Annual
102-53 - Contact point for questions regarding the report	<p>Accountability for the production of the Corporate Responsibility Report lies with the Toronto Hydro Environment, Health and Safety department.</p> <p>Input from the public about this report is welcomed. Please send feedback to sustainability@torontohydro.com</p> <p>Inquiries can also be directed to: Executive Vice-President and Chief Human Resources & Safety Officer Toronto Hydro 14 Carlton Street Toronto, ON M5B 1K5</p>
102-54 - Claims of reporting in accordance with the GRI Standards	This summary report was prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option, and includes additional disclosures required by the G4 Electric Utilities Sector Disclosures document.
102-55 – GRI content index	Toronto Hydro’s GRI content index is this table.

102-56 – External assurance	<p>Toronto Hydro has numerous controls and systems in place that ensure accurate information is collected and reported. Examples of these controls and systems include:</p> <ul style="list-style-type: none"> • Periodic data verification as part of the Canadian Electricity Association’s Sustainable Electricity Program • Annual audits of the environmental and occupational health and safety management systems to verify conformance with ISO 14001:2015 and ISO 45001:2018 • Annual Electrical Safety Authority audit to verify compliance with the Electrical Distribution Safety requirements set out in <i>Ontario Regulation 22/04</i> • Annual external audit of consolidated financial statements • Biennial environmental and occupational health and safety audits to verify conformance with applicable legislation
Topics	
Economic	
Topic: Economic Performance	
GRI 201 Economic Performance Management Approach	2019 Annual Financial Report - page 49
201-1 – Direct economic value generated and distributed	2019 Annual Financial Report - page 9
Topic: Availability and Reliability	
G4-DMA	2019 Environmental Performance Report – page 14-17
G4-EU10 – Planned capacity against projected electricity demand over the long term	As defined in the GRI G4 Electric Utilities Sector Disclosures document, capacity is the maximum amount of power that an entity can produce. This indicator has been omitted as Toronto Hydro is not an electricity generation company.
Topic: Demand-Side Management	
G4-DMA	2019 Annual Financial Report – page 49-50
Topic: Research and Development	
G4-DMA	2019 Environmental Performance Report – page 13

Environmental	
Topic: Emissions	
GRI 305 Emissions – Management Approach	The environmental policy at Toronto Hydro requires the development of objectives, procedures and other actions to protect the environment, including minimizing the release of greenhouse gas (GHG) emissions. In respect of the environmental policy, Toronto Hydro sets targets for the reduction of GHGs and monitors the performance against the targets on a monthly basis. Toronto Hydro’s GHG emissions are below the reporting threshold for Environment Canada’s National Pollutant Release Inventory (NPRI). The NPRI represents public disclosure of Toronto Hydro’s carbon footprint.
305-1 – Direct (Scope 1) GHG emissions	2019 Environmental, Social and Governance Metrics
305-2 – Energy indirect (Scope 2) GHG emissions	2019 Environmental, Social and Governance Metrics
Topic: Effluents and Waste	
GRI 306 Effluents and Waste – Management Approach	<p>Toronto Hydro has made a commitment to consider the environment in business practices. This commitment is core to the environmental policy at Toronto Hydro and requires the effective management of all environmental aspects of the organization.</p> <p>Toronto Hydro has developed a list of significant environmental aspects as required by ISO 14001:2015. Three significant environmental aspects have been identified for effluents and waste.</p> <ol style="list-style-type: none"> 1. Handling and disposal of liquid hazardous and non-hazardous waste from field operations and work centers; 2. Handling and disposal of solid hazardous and non-hazardous waste from field operations and work centers; 3. Spills of oil, specifically containing PCBs with a concentration of greater than two parts per million (ppm). <p>System-wide measures have been put in place to address and effectively manage these significant environmental aspects. These measures include comprehensive spill response and reporting procedures and hazardous and non-hazardous waste management programs.</p>
306-3 – Significant spills	2019 Environmental, Social and Governance Metrics
Topic: Compliance	
GRI 307 Environmental Compliance - Management Approach	2019 Annual Information Form - page 21-22

307-1 – Non-compliance with environmental laws and regulations	Toronto Hydro did not receive any fines or non-monetary sanctions for non-compliance with environmental laws and regulations in 2019.																																
Topic: Supplier Environmental Assessment																																	
GRI 308 Supplier Environmental Assessment - Management Approach	A competitive bidding process for the selection and screening of vendors is an integral part of the Toronto Hydro Procurement Policy and central to improving environmental performance in Toronto Hydro’s supply chain. In accordance with ISO 26000:2010, Toronto Hydro’s request for proposal (RFP) process includes the consideration of a potential vendor’s recycling programs, sustainability programs, and environmentally-friendly products and packaging.																																
308-1 - New suppliers screened using environmental criteria	All new competitive bid suppliers are screened using the above environmental criteria. New products purchased by Toronto Hydro are also reviewed to ensure they do not contain chemicals included in the <i>Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade</i> or <i>Stockholm Convention on Persistent Organic Pollutants (POPs)</i> . If the products contain chemicals listed in these conventions, which have not been banned in Canada, alternatives must be considered and used if practicable.																																
Social																																	
Topic: Employment																																	
GRI 401 Employment - Management Approach	2019 Annual Information Form - page 23																																
401-1 – New employee hires and employee turnover	<p>The employee turnover rate is the percentage of employees that voluntarily left Toronto Hydro in 2019.</p> <table border="1" style="display: inline-table; margin-right: 20px;"> <thead> <tr> <th colspan="2">New Hires</th> </tr> <tr> <th>Age Group</th> <th>Total (#)</th> </tr> </thead> <tbody> <tr> <td>Under 30</td> <td>78</td> </tr> <tr> <td>30 to 50</td> <td>57</td> </tr> <tr> <td>Over 50</td> <td>2</td> </tr> <tr> <th>Gender</th> <th>Total (#)</th> </tr> <tr> <td>Male</td> <td>101</td> </tr> <tr> <td>Female</td> <td>36</td> </tr> </tbody> </table> <table border="1" style="display: inline-table;"> <thead> <tr> <th colspan="2">Turnover</th> </tr> <tr> <th>Age Group</th> <th>Total (%)</th> </tr> </thead> <tbody> <tr> <td>Under 30</td> <td>1.36</td> </tr> <tr> <td>30 to 50</td> <td>2.65</td> </tr> <tr> <td>Over 50</td> <td>0.43</td> </tr> <tr> <th>Gender</th> <th>Total (%)</th> </tr> <tr> <td>Male</td> <td>2.15</td> </tr> <tr> <td>Female</td> <td>2.29</td> </tr> </tbody> </table>	New Hires		Age Group	Total (#)	Under 30	78	30 to 50	57	Over 50	2	Gender	Total (#)	Male	101	Female	36	Turnover		Age Group	Total (%)	Under 30	1.36	30 to 50	2.65	Over 50	0.43	Gender	Total (%)	Male	2.15	Female	2.29
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Topic: Occupational Health and Safety																																	
GRI 403 Occupational Health and Safety – Management Approach	2019 Annual Information Form - page 24																																

403-2 Types of injury and rates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities	2019 Environmental, Social and Governance Metrics										
Topic: Training and Education											
GRI 404 Training and Education - Management Approach	<p>Toronto Hydro provides employees with the necessary tools to perform their jobs competently while protecting themselves, co-workers and the public. In order to provide reliable power while ensuring employee safety, it is critical to provide employees with the skills, equipment, materials, knowledge and leadership required to safely and efficiently perform their jobs. As such, Toronto Hydro provides ongoing education and training to ensure employee competencies are kept up-to-date. Leadership courses, technical training, apprentice training and development opportunities are offered, tailored to individual job requirements.</p> <p>The key performance indicators used to monitor Toronto Hydro’s training program are as follows:</p> <ol style="list-style-type: none"> 1. Training Compliance – percentage of employees in compliance with required training; 2. Training Days – average training days per employee; 3. Training Delivery – the percentage of employees registered vs the actual attendance. <p>Toronto Hydro reports completion of training through dashboards that report the percentage of employees in compliance with each training program. Employee feedback is measured on training programs using a high impact evaluation process. Enhancements to training programs are continually considered, evaluated and implemented where possible.</p>										
404-1 – Average hours of training per year, per employee	<p>In 2019, Toronto Hydro employees completed more than 61,850 hours of training. A total of 179 different training courses were offered to employees. The breakdown of average training hours by employee category is as follows:</p> <table border="1" data-bbox="730 1081 1614 1268"> <tr> <td>Senior Management</td> <td>18 hours</td> </tr> <tr> <td>Supervisor</td> <td>38 hours</td> </tr> <tr> <td>Designated & Technical Professional</td> <td>25 hours</td> </tr> <tr> <td>Certified & Skilled Trades</td> <td>102 hours</td> </tr> <tr> <td>Administrative & Support</td> <td>14 hours</td> </tr> </table>	Senior Management	18 hours	Supervisor	38 hours	Designated & Technical Professional	25 hours	Certified & Skilled Trades	102 hours	Administrative & Support	14 hours
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404-3 – Percentage of employees receiving regular performance and career development reviews	Employee Category	Planned Contracts	Actual Contracts	Completion Rate
	Management	565	565	100%
	Society of Energy Professionals	68	68	100%
	Power Workers Union	696	696	100%
Topic: Supplier Assessment for Labour Practices				
GRI 414 Supplier Social Assessment - Management Approach	In accordance with ISO 26000:2010, Toronto Hydro’s RFP process includes the consideration of a potential vendor’s human rights policies, governance, and rules concerning conflict of interest and non-collusion. The bidding process evaluates health and safety compliance and ability to adhere to Toronto Hydro’s workplace policies and procedures. To help ensure that suppliers are following responsible labour practices, Toronto Hydro evaluates their corporate policies and procedures, and often performs more detailed assessments with regard to the supplier’s location or in absence of requested documentation.			
414-1 - New suppliers that were screened using social criteria	All new competitively bid suppliers are screened using the above social criteria.			
Topic: Disaster/Emergency Planning and Response (Electric Utilities Sector Disclosures)				
G4-DMA	2019 Environmental Performance Report - page 18-20			
Topic: Customer Health and Safety				
GRI 416 Customer Health and Safety - Management Approach	2019 Annual Information Form - page 38			
416-2 – Incidents of non-compliance concerning the health and safety impacts of products and services	Toronto Hydro must comply with the Electrical Distribution Safety requirements set out in <i>Ontario Regulation 22/04</i> . The regulation establishes safety requirements for the design, construction and maintenance of electrical distribution systems. An annual compliance audit is conducted by a third-party approved by the Electrical Safety Authority. In 2019, Toronto Hydro successfully completed both the audit and achieved compliance for the seventh consecutive year (without any findings of non-compliance or areas in need of improvement).			
Topic: Access (Electric Utilities Sector Disclosures)				
G4-EU28 – Average power outage frequency	2019 Environmental, Social and Governance Metrics			
G4-EU29 – Average power outage duration	2019 Environmental, Social and Governance Metrics			

Topic: Provision of Information

G4-DMA

Toronto Hydro provides information in various languages and formats to ensure the information is accessible to people of a wide range of cultures and abilities. Additionally, hazard warning signs posted on electrical equipment throughout the city have pictograms to ensure the warning can be understood by all.

Toronto Hydro has translated an Emergency Preparedness Kit into Chinese, Spanish, Somali, Tamil and Urdu to help educate a broader range of the customer base about the importance of emergency planning. An outage site has also been created at torontohydro.com/outage-map. The site consolidates the information provided throughout major outages and emergencies in one accessible location.

Call Centre agents at Toronto Hydro also have access to an interpreter service to assist customers with language barriers.

Toronto Hydro is committed to complying with the *Accessibility for Ontarians with Disabilities Act* and has implemented a variety of tools to better serve customers with accessibility needs. Toronto Hydro recognizes that there are still opportunities to improve the accessibility of customer service offerings and are continually making enhancements to better serve customers.

The information in these materials is based on information currently available to Toronto Hydro Corporation and its affiliates (together hereinafter referred to as "Toronto Hydro"), and is provided for information purposes only. Toronto Hydro does not warrant the accuracy, reliability, completeness or timeliness of the information and undertakes no obligation to revise or update these materials. Toronto Hydro (including its directors, officers, employees, agents and subcontractors) hereby waives any and all liability for damages of whatever kind and nature which may occur or be suffered as a result of the use of these materials or reliance on the information therein. These materials may also contain forward-looking information within the meaning of applicable securities laws in Canada ("Forward-Looking Information"). The purpose of the Forward-Looking Information is to provide Toronto Hydro's expectations about future results of operations, performance, business prospects and opportunities and may not be appropriate for other purposes. All Forward-Looking Information is given pursuant to the "safe harbour" provisions of applicable Canadian securities legislation. The words "anticipates", "believes", "budgets", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "schedule", "should", "will", "would" and similar expressions are often intended to identify Forward-Looking Information, although not all Forward-Looking Information contains these identifying words. The Forward-Looking Information reflects the current beliefs of, and is based on information currently available to, Toronto Hydro's management. The Forward-Looking Information in these materials includes, but is not limited to, statements regarding Toronto Hydro's future results of operations, performance, business prospects and opportunities. The statements that make up the Forward-Looking Information are based on assumptions that include, but are not limited to, the future course of the economy and financial markets, the receipt of applicable regulatory approvals and requested rate orders, the receipt of favourable judgments, the level of interest rates, Toronto Hydro's ability to borrow, and the fair market value of Toronto Hydro's investments. 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, the timing and amount of future cash flows generated by Toronto Hydro's investments, market liquidity and the quality of the underlying assets and financial instruments, the timing and extent of changes in prevailing interest rates, inflation levels, legislative, judicial and regulatory developments that could affect revenues, and the results of borrowing efforts. Toronto Hydro cautions that this list of factors is not exclusive. All Forward-Looking Information in these materials is qualified in its entirety by the above cautionary statements and, except as required by law, Toronto Hydro undertakes no obligation to revise or update any Forward-Looking Information as a result of new information, future events or otherwise after the date hereof.