



## BOARD OF DIRECTORS MANDATE

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### 1.0 PURPOSE AND AUTHORITY

- 1.1 The Board of the Corporation is responsible for the stewardship of the Corporation. This Mandate reflects the Board's statutory responsibility to supervise the management of the business and affairs of the Corporation.

### 2.0 DEFINITIONS

2.1 In this Mandate:

- (a) "**Audit Committee**" means the audit committee of the Board;
- (b) "**Board**" means the board of directors of the Corporation;
- (c) "**CEO**" means the President and Chief Executive Officer of the Corporation;
- (d) "**Chair**" means the Chair of the Board;
- (e) "**Code**" means the Code of Conduct of the Corporation, as amended from time to time;
- (f) "**Corporation**" means Fortis Inc.;
- (g) "**Director**" means a member of the Board;
- (h) "**Governance and Sustainability Committee**" means the governance and sustainability committee of the Board;
- (i) "**Human Resources Committee**" means the human resources committee of the Board;
- (j) "**Mandate**" means this mandate of the Board; and
- (k) "**Shareholders**" means the shareholders of the Corporation.

### **3.0 COMPOSITION OF THE BOARD**

- 3.1 The Board shall consist of such number of Directors as are elected by Shareholders at the most recent meeting of Shareholders. The Board may determine from time to time, within the range set out in the Corporation's articles, the number of Directors to be nominated for election by Shareholders at any meeting of Shareholders.
- 3.2 A majority of the Directors shall be "independent" within the meaning of all applicable laws and stock exchange requirements.
- 3.3 The Board shall appoint a Director to be Chair, who shall be independent within the meaning of all applicable laws and stock exchange requirements. If the appointment of the Chair is not so made, the Director who is then serving as Chair shall continue as Chair until his or her successor is appointed, unless he or she resigns or is removed by the Board or he or she otherwise ceases to be a Director. The Board shall make reasonable efforts to rotate the Chair periodically.

### **4.0 BOARD MEETINGS**

- 4.1 Meetings of the Board shall be called and held in a manner consistent with and at any location contemplated in the Corporation's by-laws; provided, however, that the Board shall meet at least quarterly.
- 4.2 The Chair shall act as chair of all meetings of the Board at which the Chair is present. In the absence of the Chair from any meeting of the Board, the chair of the Governance and Sustainability Committee shall act as chair of the meeting or, in his or her absence, the Directors present at the meeting shall appoint one of their number to act as chair of the meeting.
- 4.3 Unless otherwise determined by the Chair, the Corporate Secretary of the Corporation shall act as secretary of all meetings of the Board.
- 4.4 The Board may invite any of the Corporation's officers, employees, advisors or any other person to attend meetings of the Board to assist in the discussion and examination of the matters under consideration by the Board.
- 4.5 At each meeting of the Board, the non-management Directors shall meet *in camera* without any member of management being present (including any Director who is also a member of management).
- 4.6 If there are any non-management Directors who are not independent Directors, the independent Directors shall meet *in camera* at the conclusion of each meeting of the Board with only independent Directors present.
- 4.7 Minutes shall be prepared for all meetings of the Board and committees of the Board and maintained within the minute books of the Corporation.

## **5.0 DUTIES AND RESPONSIBILITIES OF THE BOARD**

### **A. Strategic Planning and Risk Management**

5.1 The Board has the responsibility to:

- (a) adopt a strategic planning process and review and approve, on an annual basis, a strategic plan for the Corporation which considers, among other things, the opportunities and risks of the business with a view to the sustainability of the Corporation;
- (b) monitor the implementation and effectiveness of the approved strategic and business plans; and
- (c) assist the CEO in identifying the principal risks of the Corporation's business and the implementation of appropriate systems to manage and mitigate such risks, including the Corporation's enterprise risk management program and framework.

### **B. Reputation and Culture**

5.2 The Board has the responsibility to:

- (a) promote a culture of integrity, ethical leadership, diversity and inclusion, health and safety, and sustainability within the Corporation and among its leadership; and
- (b) oversee management's programs and policies to preserve and enhance the Corporation's culture and reputation.

### **C. Management and Human Resources**

5.3 The Board has the responsibility to:

- (a) oversee the Corporation's human resources strategy and plans, including its diversity and inclusion policies and practices;
- (b) select, appoint and evaluate on an ongoing basis, the CEO, and determine the terms of the CEO's employment with and compensation by the Corporation;
- (c) oversee the succession plan for the CEO, including identifying and evaluating candidates as potential successors to the CEO;
- (d) in consultation with the CEO, appoint all officers of the Corporation and determine the terms of employment, training, development and succession of senior management (including the processes for appointing, developing and evaluating senior management);

- (e) oversee and approve the Corporation's overall compensation philosophy and programs, including short- and long-term compensation, incentive, pension and/or retirement policies and plans, to promote alignment with the Corporation's long-term strategy and interests of Shareholders and other key stakeholders; and
- (f) satisfy itself, to the extent feasible, as to the integrity of the CEO and other senior management, and to establish a culture of integrity, diversity, inclusion and respect throughout the Corporation.

**D. Capital, Finances, Controls and Internal Systems**

5.4 The Board has the responsibility to:

- (a) oversee and approve the overall capital and financial structure of the Corporation;
- (b) oversee the external and internal audit functions of the Corporation and the integrity of the Corporation's financial statements and financial reporting processes;
- (c) review and approve all material transactions, including acquisitions, divestitures, dividends, capital allocations, expenditures and other transactions which exceed threshold amounts set by the Board; and
- (d) oversee and evaluate the Corporation's internal controls relating to financial and management information systems and disclosure controls and processes.

5.5 The Board shall review the recommendation of the Audit Committee with respect to the annual consolidated financial statements of the Corporation to be delivered to Shareholders. If appropriate, the Board shall approve such financial statements.

**E. Communications and Stakeholder Relationships**

5.6 The Board has the responsibility to:

- (a) adopt communication policies and practices that seek to ensure that effective communications, including timely communication and disclosure required under applicable laws and stock exchange requirements, are established and maintained with employees, Shareholders, the financial community, the media, communities served by the Corporation and other key stakeholders;
- (b) establish procedures to receive feedback from stakeholders of the Corporation and deliver communications to the independent Directors as a group; and

- (c) review and approve the Corporation's Management Information Circular, Annual Information Form, Form 40-F, as well as prospectuses and other offering and disclosure documents as required under all applicable laws and stock exchange requirements, and annually report to Shareholders on its activities during the preceding year.

5.7 The Board shall receive regular reports from the CEO or other members of senior management concerning the Corporation's investor relations activities and investor feedback and the utility regulatory proceedings that are occurring at the Corporation's subsidiaries.

**F. Sustainability**

5.8 The Board has responsibility to:

- (a) oversee and, where appropriate, approve the Corporation's strategies, policies and practices relating to sustainability matters; and
- (b) review management's implementation of appropriate sustainability policies and practices, taking into consideration applicable laws, industry best practices and the Corporation's strategy and other corporate policies and practices.

**G. Governance**

5.9 The Board has the responsibility to:

- (a) develop and oversee the Corporation's approach to corporate governance issues, principles, practices and disclosure, including managing its own processes to ensure the effectiveness of the Board, its committees and individual Directors;
- (b) establish appropriate procedures to evaluate Director independence standards, manage actual or potential conflicts of interest and ensure the Board functions independently of management;
- (c) develop and monitor policies governing the operation of subsidiaries through the exercise of the Corporation's shareholder positions in such subsidiaries;
- (d) develop and monitor compliance with the Code including the consideration of any waiver proposed to be granted to a Director or member of senior management of the Corporation from complying with the Code and approving or rejecting such waiver as it deems appropriate;
- (e) set expectations and responsibilities of Directors, including attendance at, preparation for, and participation in meetings, as set out at Section 6.0 hereof; and

- (f) oversee the succession planning, orientation and continuing education of members of the Board and its committees and evaluate and review the performance of the Board, its committees and its members to ensure that the Board and its committees are composed of competent members with an appropriate mix of skills and experiences to carry out their respective duties and responsibilities.

5.10 The Board shall establish, maintain and may, subject to applicable laws, delegate oversight over specific matters to the following standing committees (and such other special or *ad hoc* committees the Board may establish from time to time), each having a mandate that appropriately reflects all applicable laws and stock exchange requirements:

- (a) Audit Committee;
- (b) Governance and Sustainability Committee; and
- (c) Human Resources Committee,

provided, however, that no committee of the Board shall have the authority to make decisions which bind the Corporation, except to the extent that such authority has been specifically delegated to such committee by the Board.

5.11 The Board shall establish and maintain, in consultation with the Governance and Sustainability Committee, formal position descriptions for:

- (a) the Chair; and
- (b) the CEO.

5.12 The Board shall review any Shareholder proposal or meeting requisition received by the Corporation, including relating to the nomination of directors, and the Corporation's response thereto.

## **6.0 DUTIES AND RESPONSIBILITIES OF DIRECTORS**

6.1 In exercising his or her powers and discharging his or her responsibilities to the Corporation, each Director has a statutory obligation to:

- (a) act in good faith with a view to the best interests of the Corporation (the fiduciary duty); and
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances (the duty of care).

- 6.2 Each Director must also comply with all policies of the Corporation applicable to members of the Board, including the Code, which is designed to promote honest, ethical and lawful conduct by all employees, officers and Directors of the Corporation.
- 6.3 Each Director shall devote the necessary time and attention to review and participate in the work of the Board in order for the Board to discharge its duties and responsibilities as set out in this Mandate and the Board Governance Guidelines.
- 6.4 Each Director shall participate in any orientation and continuing education programs developed by the Corporation for the Directors.
- 6.5 In connection with each meeting of the Board and each meeting of a committee of the Board of which the Director is a member, each Director shall:
- (a) respond promptly to management requests in respect of availability for proposed meetings;
  - (b) review thoroughly the material provided by management in connection with the meeting; and
  - (c) attend each meeting in person to the extent practicable (unless the meeting is scheduled to be held by phone, video-conference or other remote electronic facilities).
- 6.6 Each Director shall participate in such processes as may be established by the Board for assessing the Board, its committees and individual Directors.
- 6.7 Each Director shall perform such other functions as may be delegated to that Director by the Board or any committee of the Board from time to time.

## **7.0 REMUNERATION OF DIRECTORS**

- 7.1 Directors shall receive such remuneration for their service as the Board may determine from time to time, having considered the recommendation of the Governance and Sustainability Committee.
- 7.2 No non-executive Director may earn fees from the Corporation or any of its subsidiaries other than director and committee fees (which fees may include a combination of cash, benefits, deferred share units and common shares or other equity securities of the Corporation). For greater certainty, no non-executive Director shall accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation or any of its subsidiaries.

## **8.0 OTHER**

- 8.1 This Mandate shall be posted on the Corporation's corporate website at [www.fortisinc.com](http://www.fortisinc.com).
- 8.2 The Board shall periodically review its own effectiveness and performance in accordance with the process established by the Governance and Sustainability Committee.
- 8.3 The Board and each of its standing committees shall, in its discretion and in the circumstances that it considers appropriate, have authority to retain outside advisors or persons having special expertise at the expense of the Corporation.
- 8.4 The Board shall review and assess the adequacy of this Mandate periodically and shall make such changes to this Mandate as it considers necessary or appropriate having regard to the recommendation of the Governance and Sustainability Committee.