



HUMAN RESOURCES COMMITTEE MANDATE

1.0 OBJECTIVE

The Human Resources Committee shall assist the Board in the development, implementation and monitoring of sound human resources policies for the Corporation by reviewing, creating, recommending and administering policies, plans, programs and strategies with respect to salaries, benefits, incentive compensation and succession planning of Executive Personnel.

2.0 DEFINITIONS

2.1 In this Mandate:

- (a) "**Board**" means the board of directors of the Corporation;
- (b) "**Chair**" means the Chair of the Committee;
- (c) "**Committee**" means the Human Resources Committee of the Board;
- (d) "**Corporation**" means Fortis Inc.;
- (e) "**Director**" means a member of the Board;
- (f) "**Executive Compensation Policy**" means the policy establishing the Corporation's approach to compensation of Executive Personnel including the type, nature and application of compensation programs and policies;
- (g) "**Executive Leadership Team**" means the senior officers of the Corporation that report directly to the President and Chief Executive Officer and such members of management as determined by the President and Chief Executive Officer;
- (h) "**Executive Personnel**" means the Executive Leadership Team and Vice Presidents of the Corporation and such members of management as determined by the President and Chief Executive Officer;
- (i) "**Governance and Nominating Committee**" means the governance and nominating committee of the Board;

- (j) **"Mandate"** means this mandate of the Committee; and
- (k) **"Member"** means a Director appointed to the Committee.

3.0 ESTABLISHMENT AND COMPOSITION OF COMMITTEE

- 3.1 The Committee shall be comprised of three (3) or more Directors, including the Chair of the Board; each of whom is independent for the purposes of all applicable laws and stock exchange requirements and none of whom is Executive Personnel or is otherwise an employee of the Corporation or any affiliate of the Corporation.
- 3.2 The Committee shall be appointed annually by the Board, provided, however, that if the appointment of Members is not so made, the Directors who are then serving as Members shall continue as Members until their successors are appointed, unless he or she resigns or is removed by the Board or he or she otherwise ceases to be a Director.
- 3.3 The Board may appoint a Member to fill a vacancy which occurs on the Committee between annual elections of Directors. If a vacancy exists on the Committee, the remaining Members shall exercise all of the powers of the Committee so long as at least three (3) Members remain in office.
- 3.4 The Board shall appoint a Member to be Chair on the recommendation of the Governance and Nominating Committee, or such other Committee as the Board may authorize, provided, however, that 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. The Board shall periodically rotate the Chair and shall make reasonable efforts to rotate the Chair every four (4) years.

4.0 COMMITTEE MEETINGS

- 4.1 Meetings of the Committee shall be held at the call of the Chair, or upon the request of any two (2) Members. The time and place of the meetings of the Committee and the procedures for such meetings shall be determined by the Committee; provided, however, that the Committee shall meet at least quarterly.
- 4.2 The President and Chief Executive Officer shall receive notice of, and (unless otherwise determined by the Committee) shall be entitled to attend, all meetings of the Committee.
- 4.3 A quorum at any meeting of the Committee shall be three (3) Members.

- 4.4 Each Member shall have the right to vote on matters that come before the Committee.
- 4.5 Any matter to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee at which such matter is considered. Actions of the Committee may also be taken by an instrument or instruments in writing signed by all of the Members, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose.
- 4.6 The Committee shall conduct sections of its meetings without management present.
- 4.7 The Committee shall meet periodically with the Corporation's compensation, pension, benefits and/or human resources consultants with and without management present.
- 4.8 The Chair shall act as chair of all meetings of the Committee at which the Chair is present. In the absence of the Chair from any meeting of the Committee, the Members present at the meeting shall appoint one of their numbers to act as chair of the meeting.
- 4.9 Unless otherwise determined by the Committee, the Corporate Secretary of the Corporation shall act as secretary of all meetings of the Committee.
- 4.10 The Committee may delegate authority to individual Members or subcommittees if deemed appropriate.

5.0 TERMS OF REFERENCE

- 5.1 The Committee shall oversee issues of human resources and executive compensation as they apply to the Corporation by monitoring and reviewing the human resources and executive compensation practices of the Corporation on a continuing basis and, whenever considered appropriate, shall report and make recommendations to the Board concerning human resources and executive compensation practices including, without limitation:
 - (a) the review and establishment of corporate and individual goals and objectives relevant to compensation for the President and Chief Executive Officer;
 - (b) the evaluation of the President and Chief Executive Officer's performance in light of those corporate and individual goals and objectives;

- (c) the determination and setting forth of the President and Chief Executive Officer's compensation level (considering all elements of the compensation package) based on the President and Chief Executive Officer's evaluation;
- (d) the Corporation's approach to and policies for recruiting, developing and motivating Executive Personnel and executive compensation and human resources issues;
- (e) the review of the Corporation's compensation programs to ensure that they do not encourage excessive or inappropriate risk taking;
- (f) the design, composition, structure and application of the Executive Compensation Policy which shall be reviewed periodically by the Committee and which shall form the basis of the executive compensation policy of the Corporation's operating subsidiaries;
- (g) the engagement of the Executive Leadership Team and their respective specific terms of employment and termination, including, *inter alia*, compensation, pension, benefits and perquisites of the Executive Leadership Team, taking into consideration the recommendation of the President and Chief Executive Officer of the Corporation, where appropriate;
- (h) the appointment of any officers to the Board;
- (i) the engagement of Executive Personnel whose terms of engagement including compensation, exceed the parameters set forth in the Executive Compensation Policy;
- (j) the structure of the executive and the engagement of Executive Personnel to a newly formed executive position;
- (k) for greater clarity and with reference to 5.1(g), (i) and (j), the President and Chief Executive Officer is responsible for engaging Executive Personnel, other than the Executive Leadership Team, and setting terms of engagement, including compensation, for them provided the terms of engagement fall within the parameters set forth in the Executive Compensation Policy and the appointment is not to a newly created executive position;
- (l) the overall effectiveness of Executive Personnel;
- (m) the targets used by the Corporation to measure performance for compensation purposes;
- (n) the design, implementation and administration of any and all incentive and equity-based compensation plans and arrangements;

- (o) planning for orderly development and succession of Executive Personnel;
- (p) the required reporting to shareholders relating to executive compensation and human resources matters, including, without limitation, required disclosure of compensation matters in the annual Management Information Circular, and any other report on compensation that may be required to comply with legal and regulatory requirements applicable to the Corporation; and
- (q) through the Governance and Nominating Committee, the Human Resources Committee Mandate and position description of the President and Chief Executive Officer.

5.2 The Committee shall have specific responsibility and authority to:

- (a) establish payout criteria, evaluate performance and realization of objectives and authorize awards and payments in accordance with any applicable performance share unit plan of the Corporation or any other similar long-term incentive compensation arrangement;
- (b) establish criteria and authorize awards and payments in accordance with any applicable restricted share unit plan of the Corporation;
- (c) establish criteria and authorize awards of stock options in accordance with any applicable stock option plan of the Corporation; and
- (d) interpret, construe and determine all questions arising out of administration of any and all incentive and equity-based compensation plans and retirement plans of the Corporation, and any such interpretation, construction or determination made by the Committee shall be final, binding and conclusive for all purposes.

6.0 REPORTING

6.1 The Chair, or another designated Member, shall report to the Board at each regular meeting on those matters that were dealt with by the Committee since the last regular meeting of the Board.

7.0 REMUNERATION OF COMMITTEE MEMBERS

- 7.1 Members and the Chair shall receive such remuneration for their service on the Committee as the Board may determine from time to time, having considered the recommendation of the Committee.
- 7.2 No Member may earn fees from the Corporation or any of its subsidiaries other than Directors' 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 Member of the Committee 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 The Committee shall perform such other functions as may from time to time be assigned to the Committee by the Board.
- 8.2 The Committee shall engage one or more primary compensation consultants to assist the Committee in respect of executive compensation matters. In addition to the primary consultant, the Committee may engage, in its sole discretion, in circumstances that it considers appropriate, additional compensation consultants, legal counsel or other outside advisors or persons having special expertise in the matters of compensation or human resources generally. Any such engagement shall be at the sole expense of the Corporation, and made only after taking into consideration all factors relevant to such person's independence from management, including those specified by the New York Stock Exchange. The Committee shall have sole authority to approve related fees and retention terms of any outside advisors or experts.
- 8.3 This Mandate will be posted on the Corporation's corporate website at www.fortisinc.com.
- 8.4 The Committee shall periodically review its own effectiveness and performance.
- 8.5 The Committee shall review and assess the adequacy of this Mandate periodically and recommend to the Governance and Nominating Committee any changes it deems appropriate.