

A large wind turbine is silhouetted against a vibrant sunset sky filled with soft, golden clouds. In the distance, a range of dark mountains is visible. The overall scene conveys a sense of clean energy and environmental sustainability.

# FORTIS SUSTAINABILITY

2020 REPORT



Over the years in the utility industry, Fortis has become synonymous with strength.

Being strong and resilient means making decisions with the utmost consideration for the world around us and the people in it. We build the brightest team that reflects the communities we serve as we pursue a sustainable energy future. We do the right thing and we do not take any shortcuts to get there.

At Fortis, we put our energy where it counts to do right by the environment and each other.

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# Contents

A Message from Barry Perry, President and CEO	2
A Message from Nora Duke, Executive Vice President, Sustainability and Chief Human Resource Officer	5
Sustainability Highlights	6
Our Approach to Sustainability Reporting	7
Safe and Reliable Energy	10
Our Way of Doing Business	22
Our Environment	28
Our People	45
Our Communities	54
Appendix A: Key Performance Indicators Summary	58
Appendix B: GRI Cross Reference	68
Appendix C: Disclosure Alignment with Recommendations of TCFD	73
Appendix D: Significant Sustainability Issues	78
Forward-Looking Information	80
Acronyms	80

## Delivering a Cleaner Energy Future

*A Message from Barry Perry, President and CEO*

We are committed to delivering reliable and affordable electricity and natural gas to our customers. As we execute on this commitment, sustainability is front and centre in all that we do.

**Every action we take is influenced by our respect for our environment, our dedication to our employees, and our commitment to our communities.**

With 93% of our assets associated with the delivery of electricity and natural gas, our business is focused on moving energy through our wires and natural gas lines. Our infrastructure must be able to withstand extreme weather and other threats and be capable of delivering increased levels of cleaner energy to our customers. That's why more than 70% of our \$4.3 billion 2020 capital plan is dedicated to asset resiliency, modernization and cleaner energy initiatives.

Although generating electricity is only a small part of our business, we recognize our responsibility to support a low-carbon future and we have plans in place to reduce our emissions. Tucson Electric Power, which owns the majority of our generation assets, recently announced that it is targeting an 80% reduction in carbon emissions by 2035. As it works toward that goal, coal-fired electricity generation will be reduced and ultimately eliminated. At the same time, TEP is dramatically expanding its renewable energy resources. This dramatic expansion will bring its generation mix to more than 70% renewable by 2035.



FortisBC is also working to deliver a cleaner energy future. Both the natural gas and electricity businesses have set a target to reduce customers' greenhouse gas emissions by 30% by 2030, one of the most ambitious reduction targets amongst Canadian utilities.

Our continued success is a result of the dedication of our 9,000 employees. In return, we are unwavering in ensuring the wellbeing of our employees. This is being demonstrated during the COVID-19 pandemic. Employee safety guides all of our actions as our utilities continue to deliver an essential service and successfully maintain reliable operations during the pandemic.

We recognize that an inclusive and diverse workplace inspires innovation and attracts bright minds and supports employee wellbeing. Our inclusion and diversity framework reflects our commitment to ensuring that each of our employees feels valued, respected and safe when they come to work. We will continue to advance our inclusion and diversity efforts and influence positive change around us.

We put energy into our communities by maintaining strong community partnerships and giving back. Meaningful engagement with our partners allows us to identify new ways to grow and improve. Investing in our communities helps us to continue to strengthen the places that we serve. We thank you for your continued support. We are constantly working to ensure Fortis remains a strong, sustainable company for generations to come.



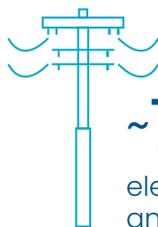
**Barry V. Perry**

*President and Chief Executive Officer  
Fortis Inc.*

# Our Energy Has Reach



**93%**   
of assets are associated with the delivery of electricity and natural gas

 **~185,000 kms**  
electricity transmission and distribution lines

**~57,000 kms**   
natural gas transmission and distribution lines

 An Energy Delivery Company with **10** utility operations in Canada, the U.S. & the Caribbean

**\$57 billion**  
in total assets  
(as of March 31, 2020)

**3.3 million**  
utility customers

  
**9,000**  
employees

TSX/NYSE: FTS  
Unless otherwise specified, all financial information is in Canadian Dollars

## Sustainability with Purpose

*A Message from Nora Duke, Executive Vice President, Sustainability and Chief Human Resource Officer*

We are pleased to share this Sustainability Report and update you on our progress, including goal setting and our focus on a cleaner energy future.

**Our approach to sustainability will make us stronger today as well as into the future.**

We work with our utilities on strategy and in turn, our utilities develop sustainability actions and plans tailored to their local communities. This approach allows us to achieve the most meaningful results.

As we respond to the COVID-19 pandemic, our utilities remain focused on employee safety and local community needs. We continue to operate safely and effectively, ensuring all customers, including critical front-line essential workers, have the energy they need.

New in this report, we profile how we address recommendations of the Task Force on Climate-Related Financial Disclosures ("TCFD"). We have also expanded our Environmental Statement to demonstrate our broader commitment to all aspects of sustainability at Fortis. This report adds new disclosures on our capital investments and our support for a cleaner energy future, cybersecurity, human resources, diversity, as well as water and waste management.

Our conversations with shareholders and other stakeholders have informed our approach to sustainability as well as our reporting. We will continue to engage with our stakeholders as we strengthen our reporting and sustainability performance.



A handwritten signature in black ink that reads "Nora M. Duke".

**Nora M. Duke**

*Executive Vice President, Sustainability and Chief Human Resource Officer  
Fortis Inc.*

# Sustainability Highlights



## FortisBC's 30BY30

goal to **reduce greenhouse gas emissions** associated with customer energy use by 30% by 2030.



More than **\$12 million** in 2019 community investment.

Tucson Electric Power targets

# 80%



carbon emissions reduction by 2035.

- Renewable generation will comprise **more than 70%** of TEP's power by 2035.
- **2,457 Megawatts ("MW")** of new wind and solar power systems and **1,400 MW** of new battery storage systems.
- Upon retirement of TEP's coal-fired electricity generation, Fortis will have a **coal-free generation mix**.

More than

# 70%

of our 2020 **\$4.3 billion capital plan** is dedicated to asset resiliency, modernization & cleaner energy initiatives.

# 40%



of Fortis Inc. Directors elected in 2020 are women and in 2019 we finalized our inclusion and diversity framework.

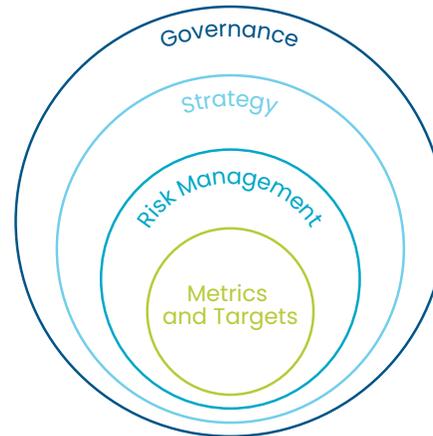
## Our Approach to Sustainability Reporting

In preparing this report, we carefully considered feedback received from investors and other stakeholders. We also analyzed information contained within various sustainability and climate change frameworks. In particular, the Global Reporting Initiative ("GRI") Standards (see Appendix B for GRI Cross Reference) and the TCFD recommendations among others guided the content of this report.

We are broadly aligned with the core elements of TCFD (see Appendix C for disclosure alignment with TCFD recommendations) and will continue to advance effective, clear, and consistent climate-related disclosure.

Given the diverse geographies and priorities of Fortis utilities, the significance of topics for the holding company were assessed against those more closely associated with its utilities.

### TCFD Framework



Based on this materiality analysis, we updated the sustainability issues significant to stakeholders, Fortis and its utilities. Significant sustainability issues for Fortis are listed in Appendix D.

We continue to use the Greenhouse Gas ("GHG") Protocol Corporate Accounting and Reporting Standards to disclose GHG emissions.

Fortis reports sustainability key performance indicators annually (see Appendix A) and produces a comprehensive sustainability report every two years.

## Advancing the United Nations Sustainable Development Goals

Our sustainability priorities and supporting indicators align with the following United Nations Sustainable Development Goals.

## SUSTAINABLE DEVELOPMENT GOALS



We value gender diversity and a safe, respectful and healthy workplace.

*Learn more about our activities to promote gender diversity on page 53.*



We push innovation and progress in our industry by such actions as being a founding member of the Alliance for Transportation Electrification.

*More information on our innovation strategy is detailed on page 15.*



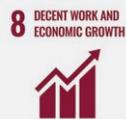
We are a North American leader in delivering cleaner, affordable energy to customers. We invest in reliable and resilient infrastructure and we support a low-carbon economy.

*Learn more about customer affordability programs on page 21.*



We partner with customers and communities to build smart infrastructure and to promote efficient energy use.

*You'll find information on the steps we are taking to transform the transportation sector starting on page 37.*



We employ 9,000 people in North America and create employment for many others through our supply chain. We have a principled approach to how we operate, detailed in our Code of Conduct.

*Learn more about how we develop and support our employees starting on page 46.*



We support cleaner, more resilient communities by increasing the renewable energy we deliver to customers and by building strong infrastructure to withstand harsh weather due to climate change.

*Learn more about our resilient infrastructure investments starting on page 13.*

## New Additions to Our Reporting

We have increased our sustainability disclosures and added the following indicators to this year's report:

- Additional breakdown of our capital plan to indicate the percentage of capital invested in resiliency, modernization and cleaner energy.
- Increased disclosure on our alignment with TCFD recommendations.
- Additional cybersecurity metrics related to information on security breaches, cybersecurity incidents and data breaches.
- Additional safety metrics related to lost workdays, days away and the recordable incident rate.
- Expanded metrics related to human resources, diversity, community investment and the economic value generated by the Fortis group of companies.
- New waste management metrics.
- New demographic information on Fortis boards, executive, management and employees.

Sustainability related information can also be found in our:

- [Annual Report](#)
- [Management Information Circular](#)
- [Annual Information Form](#)

These documents are available at [fortisinc.com](https://www.fortisinc.com)



A close-up, low-angle shot of a high-voltage electrical insulator. The insulator consists of a series of white, disc-shaped sheds stacked vertically on a central metal core. The perspective is from below, looking up, creating a strong sense of height and scale. The background is a clear, bright blue sky. The lighting is natural, highlighting the texture of the ceramic or porcelain sheds. The image is partially obscured by a white diagonal shape on the left side, which contains the text.

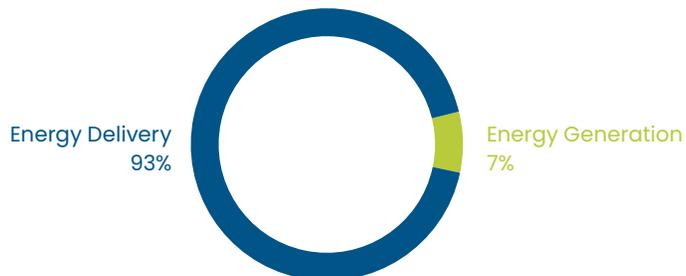
We deliver safe and  
reliable energy

Fortis is an energy delivery company serving 3.3 million customers across North America. Our assets are 93% associated with the delivery of electricity and natural gas. We own a small amount of generation, which is primarily located at Tucson Electric Power ("TEP"). Of the 7% generation assets, 5% is fossil based and 2% is renewable generation.

**Our focus on energy delivery is foundational and differentiates us from many companies in the utility industry that have a larger focus on generation.**

We invest in transmission and distribution infrastructure to safely deliver energy from increasingly cleaner sources to customers. This is how we can best reduce the carbon footprint of Fortis and our utility customers.

### Our Assets Are Focused on Energy Delivery



### Leadership is Core to Our Success

Fortis utilities are independent from one another and are locally managed. Our decentralized model is unique in our industry and keeps the management of our utilities close to their customers and communities. Together, as a group of companies, we share best practices to drive operational excellence and innovation.

### Geographic and Regulatory Diversity

Fortis utilities operate in 17 jurisdictions, making us one of the most geographically diverse utility businesses in North America. Our companies are virtually 100% regulated, with each utility operating under distinct regulatory regimes. Key aspects of our electricity and natural gas utility operations are overseen by independent regulators. These regulators hold our utilities accountable for operating in the public interest, while providing interested stakeholders the ability to participate in the regulatory process.

At a more detailed level, regulators, through proceedings, oversee operational areas at our utilities that are important from a sustainability perspective, such as: resource and capital planning; reliability; safety; environmental stewardship; customer rates; customer service; renewable energy; and energy efficiency. Further information on these topics is provided in this report.



Fortis head office employees comprise **<1% of our 9,000** total employees.



**46 years**

of consecutive  
dividend payment  
increases

### Delivering Strong Performance

Fortis leverages the combination of its geographic diversity, unique operating model and utility experience to deliver reliable service to our customers, superior financial performance for shareholders and to drive sustainability initiatives in the communities we serve.

Fortis achieved strong financial results in 2019 and we are strategically positioned to deliver long-term growth to shareholders. We delivered a one-year total shareholder return of 22.7% in 2019. For the 20-year period ended December 31, 2019, Fortis has delivered a total shareholder return of 1,363% and an average annualized total return of 14.3%. Over the same 20-year period the S&P/TSX Composite Index delivered a total return of 729%. Very few other companies have consistently delivered such strong performance for shareholders. Based on our strong historical financial performance, in 2019 we marked 46 years of consecutive annual common share dividend payment increases and we extended our 6% average annual dividend growth guidance to 2024.

### A Capital Plan Focused on Resiliency, Modernization and Delivery of Cleaner Energy

Our five-year \$18.8 billion capital plan will strengthen infrastructure, improve network resiliency and deliver cleaner energy to customers.

**In 2019, \$3.8 billion was reinvested in our assets and systems, a record annual capital investment for Fortis.**

New to the sustainability report this year is a breakdown of 2019 actual and 2020 forecast capital spending. The following breakdown illustrates that the majority of our 2019 \$3.8 billion capital plan and the 2020 forecast is focused on resiliency, modernization and cleaner energy.

Investing in the resiliency of our infrastructure, also referred to as "the hardening of assets", is increasingly important as climate change is predicted to lead to more frequent and intense weather events. Without such resiliency investment, extreme weather conditions and changing air temperatures may result in system stress, decreased efficiencies and potential service interruptions for customers.

2019  
\$3.8 billion Capital Plan



**Resiliency and Modernization 50%**

**Cleaner Energy 16%**

Customer Growth 16%

IT and Cybersecurity 8%

Other 10%

2020 Forecast  
\$4.3 billion Capital Plan



**Resiliency and Modernization 47%**

**Cleaner Energy 25%**

Customer Growth 13%

IT and Cybersecurity 7%

Other 8%

Capital Plan Category	What We Are Investing In
<b>Resiliency and Modernization</b>	Investments required for continued and enhanced performance, reliability and safety of our transmission, distribution and generation assets. Includes the hardening of assets to reduce the probability, magnitude and duration of service interruptions associated with severe weather-related events such as hurricanes, winter storms and other natural disasters.
<b>Cleaner Energy</b>	Investments that reduce emissions (including renewable energy and low-carbon transportation investments), water usage and/or increase customer energy efficiency.
<b>Customer Growth</b>	Investments to connect new customers and infrastructure upgrades required to meet load growth.
<b>IT and Cybersecurity</b>	Information technology equipment to improve data collection and productivity. Investments associated with protecting equipment, networks and data from unauthorized users are included in this category.
<b>Other</b>	Facilities, equipment, traditional fleet vehicles (excluding low-carbon vehicles) and other assets.



**We expect to invest \$4.3 billion in 2020.**

We continue to operate safely and effectively while responding to COVID-19.

16% of our 2019 capital spending focused on investments that reduce emissions, water usage and increase customer energy efficiency. These projects included constructing renewable resources, installing charging stations to support electric vehicle ("EV") adoption and other initiatives aimed at supporting the transition to a lower-carbon economy.

Cleaner Energy 16%



ITC Holdings Corp. ("ITC") constructed a 174-kilometre transmission line to facilitate the integration of wind energy for use by electricity customers across the U.S. Midwest. TEP added 94 MW (of a total 192 MW project) of efficient, fast-ramping natural gas generation to support its expanding wind and solar energy resources while providing safe and reliable service for customers. The utility also completed the purchase of a natural gas generation unit, Gila River Unit 2, to replace coal-fired electricity generation.

In 2020, cleaner energy investments are increasing to 25% of the \$4.3 billion capital plan, driven by the 250 MW Oso Grande wind project at TEP. The project is expected to be completed by the end of 2020 and will be TEP's largest renewable energy resource.

50% of our 2019 capital spending focused on resiliency and modernization of our transmission, distribution and generation assets. FortisBC invested \$180 million to address system capacity and gas line condition for the gas supply system in the Lower Mainland of British Columbia.

Resiliency and Modernization 50%



47% of our 2020 expected capital spending is focused on continued and enhanced performance of utility assets to serve customers.

**Investments focused on the delivery of cleaner energy and the hardening of infrastructure will be a key driver of our five-year \$18.8 billion capital plan.**

This long-term plan is focused on our regulated businesses and consists of a diverse mix of highly executable, low-risk projects needed to maintain and upgrade our existing infrastructure.



**In 2019 Fortis became a corporate member of the Electric Power Research Institute** and joined the Research Advisory Committee.

## Driving an Innovative Culture

Our business model encourages agility and independent thinking, which drives a culture of innovation at Fortis.

To leverage our diversity of thought, we created the Fortis Innovation Network. This is a group of creative thinkers throughout our utilities that leverages our operational expertise to create value for customers.

## Investing in the Future Through Energy Impact Partners

Since 2016 we have been an investor in Energy Impact Partners ("EIP") utility coalition. EIP is the world's largest strategic private equity fund focused on the transformation of the energy industry including accelerating the transition to cleaner energy.

**The companies we invest in through EIP have created carbon savings that equate to planting 250 million trees or taking 3.2 million cars off the road.**

## Smart Approaches and New Ways to Operate

We are using artificial intelligence to provide insights to our utilities and support operations. Maritime Electric is using artificial intelligence to optimize inspection and replacement of wood poles to improve system reliability. Central Hudson is implementing robotic process automation to optimize efficiency and effectiveness. FortisBC is improving safety and reliability by reducing damage to the gas system from dig-ins as described on page 18 of this report.

From digitizing and automating transmission and distribution systems, to deploying advanced cybersecurity technologies, to implementing new technologies to better engage our customers, Fortis is innovating throughout its business to achieve a better and cleaner future.



All of Fortis utilities have **extensive health and safety management programs** aligned with ISO 45001, OHSAS 18001 or equivalent.

## An Industry Leader in Safety and Reliability

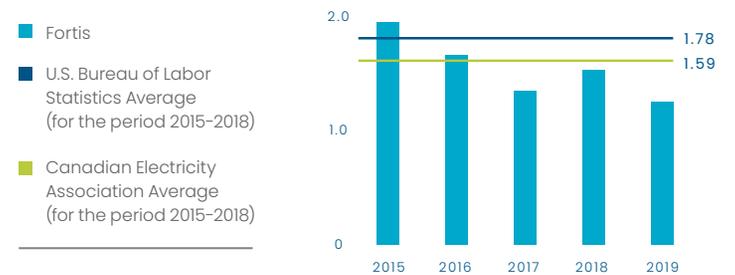
Fortis is an industry leader in safety and reliability, consistently outperforming industry averages.

This year's report includes new safety metrics related to lost workdays, days away and incident rates which can be found in Appendix A.

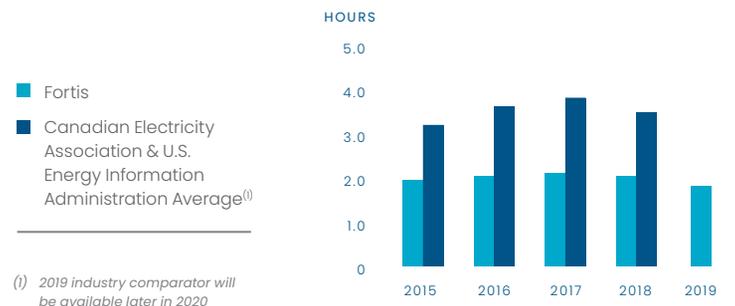
When it comes to the safety of our employees and customers, the job is never done. Our utilities have high standards of safety and continually seek opportunities to improve. All-injury frequency rate ("AIFR") is an indicator of safety performance and represents the number of injuries for every 200,000 hours worked. In 2019, the Fortis AIFR was 1.45, while the Canadian and U.S. comparable industry average rates were 1.59 and 1.78, respectively.

To measure the reliability of electricity service, we use the average hours of interruption per customer served as an indicator of performance. In 2019 the Fortis average was 1.84 hours, outperforming the Canadian and U.S. combined industry three-year average of 3.65 hours.

### All-Injury Frequency Rate



### Electricity Customer Average Outage Duration





■ Newfoundland Power Line Technicians Ryan Pippy and Mark Keough

### System Reliability Successfully Tested at Newfoundland Power

More frequently, the resilience of Fortis operations is tested by severe weather events. Early in 2020, Newfoundland Power's service territory experienced a record setting blizzard, which brought more than 75 centimetres of snow and hurricane force winds over a 24-hour period to the city of St. John's. Our system performed extremely well despite the city being in a state of emergency for a week, with less than 10% of Newfoundland Power's customers losing power during the storm.

The reliability of our systems highlights the operational expertise of our teams, but also underscores the importance and the need for investments to harden our systems, especially given the impacts of climate change. As we look ahead to the next five years, our teams will strive for continued strong operational performance and look to further improve our safety and reliability metrics.



### Fortis consistently outperforms

safety and reliability industry averages.

## A Holistic Approach to Safety and Damage Prevention at FortisBC

FortisBC takes a collaborative approach to proactively inform communities about natural gas line safety and damage prevention. The utility is a founding and active member of the British Columbia Common Ground Alliance ("BCCGA"), a non-profit organization established to develop consistent practices and to ensure the highest possible standards of worker safety, public safety and damage prevention in connection with underground infrastructure.

In partnership with the BCCGA and other members, FortisBC hosts DigSafe education sessions designed for professional excavators. Approximately 60% of natural gas line damage is related to work performed by contractors. In 2019 over 300 professional excavators attended one of the six DigSafe sessions in either Vancouver, Surrey, Prince George or Kelowna.

In addition to the work with the BCCGA, FortisBC is piloting a statistical analysis tool to help reduce and forecast gas line damage caused by contractors. The technology enables FortisBC to take a risk-driven approach to contractor interventions, resulting in proactive communication with contractors to reinforce safe digging practices prior to a likely incident taking place.

FortisBC's holistic approach helped the utility achieve a 10.9% reduction in natural gas line damage in 2019 compared to 2018.

## Increasing Safety and Gas Line Integrity

Three Fortis utilities deliver natural gas to customers: FortisBC, UNS Energy and Central Hudson. FortisBC is the largest, serving 1 million of our 1.3 million gas customers.

**In comparison to the industry average number of leaks per 1,000 customers, our utilities rank in the top decile.**

By decreasing the number of gas leaks, Fortis utilities keep customers and employees safe and protect system reliability.

Our teams have procedures in place to detect and repair leaks throughout our gas lines. FortisBC invested approximately \$390 million to the end of 2019 on a project to address system capacity and pipeline condition issues for the gas supply system in the Lower Mainland of British Columbia. The Burnaby and Coquitlam sections of the project are complete and the segment in South Vancouver will be replaced in the coming year.



■ FortisAlberta's Jeanette Smith delivers the ZAP Safety Program to students

## Public Safety Programs

All Fortis utilities have programs in place that create awareness and educate the public about the dangers associated with electricity and natural gas.

Our utilities provide comprehensive safety information online and via social media. They also deliver tailored safety training programs to groups like first responders.

Many of our utilities start early with educating children on the hazards associated with electricity and natural gas. Through school partnerships, utilities present to students, providing games, activities and programs that satisfy curriculum outcomes and increase safety awareness.

## A Strong Cybersecurity Program

Our Cybersecurity Risk Management Program ("CRMP") aims to continually improve information sharing and our culture of security.

Each Fortis utility and the corporate head office has adopted an enterprise-wide CRMP that allows

for the identification, measurement, monitoring and management of cybersecurity risks throughout the company.

Oversight of cybersecurity is the responsibility of the respective boards and executive committees at Fortis and at each utility. Implementation of the cybersecurity strategy and CRMP is the responsibility of dedicated local executives who have overall accountability for the operation of the CRMP and allocation of necessary resources to ensure the program is effectively implemented, as well as continually updated and reviewed.

New indicators were added to our cybersecurity metrics in 2019, which are listed in Appendix A. We will continue to track and monitor cybersecurity performance against these metrics in the coming years.

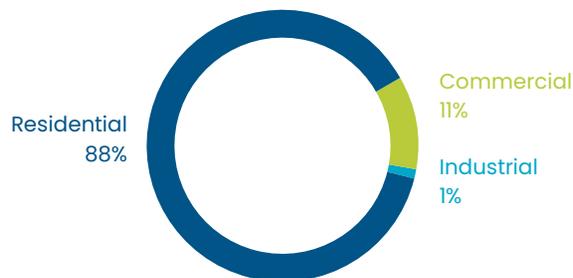
**In 2019 there were no reportable information security breaches. There were also no reportable information security breaches involving customers' personally identifiable information.**

## Providing Great Service to Customers

We serve 3.3 million customers in 17 jurisdictions throughout North America. Our utilities work with customers and communities to drive enhancements and improve the overall customer experience.

Customer service surveys at each utility are tailored to their local jurisdiction. Common areas of focus include customer satisfaction, reliability and accuracy of billing and metering, contact centre services and reliability of energy supply.

### Our 3.3 Million Customers



Each Fortis utility surveys a statistically significant portion of its customer base, ensuring confidence that the results accurately reflect the opinions of their customers.

All Fortis utilities actively use their customer survey results to address concerns, make improvements and reinforce the importance of customer service across their respective organizations. The majority of our utilities set customer satisfaction targets and report these scores to their regulators.

**In 2019 customer satisfaction scores for all Fortis utilities continued to be high with most scoring above the 80% satisfaction range.**

Our utilities are seeing either a stable or increasing trend in satisfaction when comparing results over the last five years.

## Customer Affordability Programs

Fortis utilities strive to operate efficiently and maintain the affordability of energy delivered to customers. As our utilities are regulated, changes to rates are submitted to utility regulators for review and approval. Consumer advocates participate in regulatory proceedings to ensure the interests of customers are appropriately represented. The utility regulator then has the information required to make informed decisions in the public interest when approving customer rates.

When our customers face financial challenges, we are there to help. Our utilities make every effort to accommodate customers who are temporarily unable to make payments by offering deferred and flexible payment arrangements. Payment arrangements allow customers to catch up on their payments without any interruptions to their service. In addition, many of our utilities offer customers the option of an equal payment plan, helping customers better plan their household budget by equalizing monthly payments to avoid seasonal bill fluctuations.

TEP provides short-term bill payment assistance for qualifying limited-income customers in financial distress through its Lifeline Program. Central Hudson offers a Good Neighbor Fund that provides a grant to help customers who have exhausted all other avenues of financial assistance.



■ FortisBC Customer Service Representative Eric Kung

We conduct business  
responsibly



## A Governance Structure Grounded in Independence

The Fortis Board of Directors ensures effective leadership and provides oversight of strategy, succession planning, risk management, sustainability and corporate governance. Three committees of independent and unrelated directors help the board carry out its responsibilities. The Governance and Nominating Committee assists the board in overseeing our governance, sustainability practices and the nomination, assessment and compensation of directors.

**From top to bottom, the Fortis governance model is grounded in independence.**

Each of our significant utilities is governed by its own Board of Directors and has an independent Board Chair and a majority of independent board members who often reside in a community served by the utility. Fortis senior executives and utility CEOs also act as board members for our utilities, which allows the sharing of best practices, operating expertise and creates a strong Fortis culture.

### Aligning Executive Compensation with Sustainability Priorities

Our executive compensation program is designed to support our strategy and to be competitive with the market. It is based on a pay-for-performance philosophy focused on short- and long-term objectives. Executives are assessed on overall performance relative to key accountabilities and functional performance priorities. Safety and reliability performance is a functional performance priority and a key sustainability metric tied to performance for all executives.

In 2019, the individual performance of our President and CEO and our Executive Vice President, Sustainability and Chief Human Resource Officer was assessed on factors that included key sustainability accountabilities. In 2020, our Chief Operating Officer and our Executive Vice President, Eastern Canadian and Caribbean Operations will also be individually assessed on key sustainability accountabilities.



#### 2020 Fortis Board of Directors:

**9 of 10** Directors are independent.

**40%** of Directors are women.

Fortis has an independent Board Chair and the roles of the Chair and CEO are separate.



**Fortis utilities promote compliance and ethics**

with employees annually to build program awareness and reinforce ethical behaviour and the culture of Fortis.

**A Common Approach to Compliance**

While governance at Fortis is grounded in the independence of its utilities, we have a corporate-wide compliance framework that underpins our commitment to the highest standards of ethical business conduct. Fortis expects its utilities and employees to comply with all applicable laws, regulations and rules, exhibiting a strong culture of compliance and ethics.

The Fortis corporate-wide compliance framework consists of a system of measures designed to ensure adherence to applicable laws and regulations, as well as general business principles and standards of ethical conduct. The framework addresses core areas which apply to all Fortis utilities as well as utility-specific areas including local operations and applicable jurisdictional requirements.

**Core Policies Throughout the Fortis Group of Companies**

Fortis has several core policies that apply to all of our utilities. These core policies include the [Code of Conduct](#), [Anti-Corruption Policy](#) and [Political Engagement Policy](#).

While Fortis utilities operate on a substantially autonomous basis, each company is expected to adopt a policy framework that is consistent with the requirements of the Fortis core policies.

A list of core policies that are part of our policy framework for all Fortis companies is located in Appendix A. Fortis utilities are required to annually certify that their own sustainability related policies are aligned with the Fortis core policies.

Our Code of Conduct (the "Code") is the foundation of the Fortis compliance framework. It is a broad, principles-based document which establishes the ethical expectations of the entire Fortis organization. The Code requires strict compliance with all laws and regulations, specifically referencing those relating to lobbying and political contributions. The Code also references the responsibilities and internal control processes for authorizing, reporting, monitoring and recording lobbying activities, and political and charitable contributions.

The Code requirements in relation to lobbying and political and charitable contributions are reinforced and expanded on through the Anti-Corruption Policy and Political Engagement Policy. Both policies provide additional guidance on how the Code requirements are to be implemented.

The Political Engagement Policy recognizes the importance of supporting the democratic process, and of engaging in public policy discussions where relevant to our operations and beneficial to our stakeholders. Therefore, Fortis may participate in trade associations that represent our industry and engage in advocacy on public policy issues related to our business. The respective Boards of Directors of Fortis and its utilities review trade association memberships regularly to avoid material misalignment on energy and climate policies.



■ Employee Marci Serafini at FortisBC's Tilbury LNG facility

## Fortis Sustainability Commitment

Fortis is a responsible energy partner for our communities and customers and we are committed to doing our part to make progress on the most pressing global sustainability issues.

As a leader in the North American utility industry, we focus on conducting business in a responsible manner and protecting the environment for future generations. To measure our progress, we regularly set and review sustainability focused objectives, targets and programs with a commitment to continuous improvement.

We have identified the following areas of focus to preserve our environment, combat climate change, and deliver value for customers, employees and stakeholders while maintaining strong governance practices across our group of companies.



### Preserving Our Environment and Combatting Climate Change

- Foster a cleaner energy future through investment in infrastructure to ensure resiliency and seek cost-efficient opportunities to decrease GHG emissions and increase our customers' access to renewable energy sources.
- Improve environmental performance by regularly monitoring our operational practices and protocols, taking corrective action where necessary and auditing management systems and protocols.
- Recognize the importance of water and waste management and seek to reduce waste and use of water in operations.
- Strive to minimize the biodiversity impacts associated with our projects and operations.
- Comply with all applicable laws, regulations and standards of environmental protection.



### Linking Human Capital and Sustainability

- Foster a strong culture of safety, inclusion and ethical behaviour. Safety is our priority and we strive to continuously outperform the utility industry.
- Focus on the overall engagement and development of our employees.
- Raise employee and contractor awareness about the importance of sustainability. This includes Code of Conduct training addressing the importance of environmental responsibility, social consciousness and the support of communities, inclusion and diversity, and adherence to ethical standards.
- Respect and positively influence human rights through our actions and initiatives.



## Engaging with Stakeholders and Communities

- Engaging on sustainability priorities with stakeholders including investors, customers and community representatives.
- Invest purposefully in infrastructure to provide a safe, reliable and affordable service and pursue strategies to improve customer engagement.
- Execute a robust cybersecurity strategy that mitigates risks and safeguards systems and networks.
- Collaborate with industry associations, government, investors and other stakeholders to advance sustainability priorities in the energy utility industry.
- Support and participate in community-based projects with a priority on sustainability, inclusion and diversity.



## Ensuring Good Governance

Our Board of Directors:

- Act in the best interests of our stakeholders, ensure effective leadership and provide oversight in key business areas.
- Ensure our directors have the appropriate skills, expertise and experience to carry out their responsibilities effectively.
- Maintain a board where at least one-third of the independent directors are female, and consider all aspects of diversity when assessing board composition and renewal.
- Conduct itself in accordance with the highest standards of ethics and avoid conflicts of interest.
- Routinely review our governance framework against evolving best practices to ensure continued high governance standards.



We **expanded our Environmental Statement** to demonstrate our broader commitment to all aspects of sustainability at Fortis.

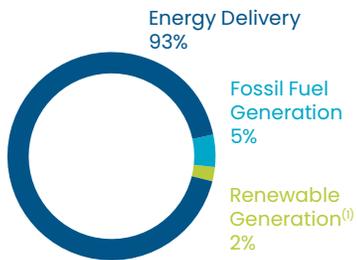
We respect our  
environment



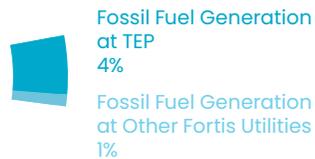
## Decreasing Carbon Emissions

Our operations are focused on delivering energy. Only 7% of our assets relate to the generation of power, 2% of that relates to renewable generation.

### Total Assets



When we look more closely at the 5% of assets associated with fossil fuel generation:



<sup>(1)</sup> Renewable generation assets consist primarily of hydro generation facilities at FortisBC, Newfoundland Power and BECOL and solar generation at UNS Energy.

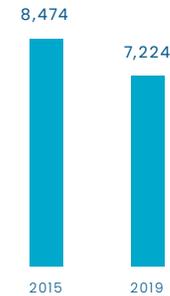
## Decreasing Scope 1 GHG Emissions Related to Coal-Fired Electricity Generation

TEP is the most significant contributor to our Scope 1 GHG emissions. Over the last five years, TEP has achieved consistent year over year decreases in Scope 1 GHG emissions associated with coal-fired electricity generation.

## Scope 1 GHG Emissions from Coal-Fired Electricity Generation (in ktonnes of CO<sub>2</sub> equivalent)



Scope 1 GHG emissions from coal-fired electricity generation have **decreased 15%** since 2015.



## GHG Intensity

GHG intensity has decreased since 2015, primarily attributable to the 2016 acquisition of ITC, the largest independent transmission company in the U.S., and purposeful steps taken to become less carbon intensive. This metric will further improve as renewables, such as the Oso Grande Wind Project, become operational and as TEP transitions away from coal-fired electricity generation.

Coal-fired electricity generation is a small percentage of our overall 2019 capital expenditures, rate base and revenue:

% of capital expenditures: **1.1%**

% of rate base: **4.7%**

% of revenue: **5.7%**

TUCSON ELECTRIC POWER'S AMBITIOUS TARGET



**TEP recently announced a new target to reduce carbon emissions by 80% by 2035.**

TEP's clean energy targets are included in the utility's 2020 Integrated Resource Plan ("IRP") which was recently filed with the Arizona Corporation Commission. The plan outlines the utility's resource energy transition over the next 15 years.

As mentioned, TEP is the most significant contributor to Scope 1 GHG emissions within the Fortis group of companies and comprises 4% of the 5% of assets related to fossil fuel generation.



TUCSON ELECTRIC POWER'S AMBITIOUS TARGET

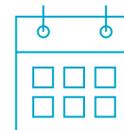
Key elements of the TEP 2020 Integrated Resource Plan:



**2,457 MW** of new wind and solar power systems capable of producing more than eight times as much renewable energy as TEP provides today. TEP's power will be 70% renewable by 2035.



**1,400 MW** of new energy storage systems



Springerville units begin seasonal operations in 2023.

- Unit 1 to retire in 2027
- Unit 2 to retire in 2032

Upon the retirement of TEP's coal-fired electricity generation, **Fortis will have a coal-free generation mix.**

The TEP plan proposes reducing and ultimately eliminating its use of coal-fired resources. That transition is already underway, with the retirement of more than 600 MW of coal-fired electricity generation by 2022 through recent and scheduled closures at the Navajo, Sundt and San Juan Generating Stations. TEP also receives some power from two units at the Four Corners Generating Station that are scheduled to close in 2031.



TUCSON ELECTRIC POWER'S AMBITIOUS TARGET

TEP's CO<sub>2</sub> emission reduction goal was developed in partnership with the University of Arizona's Institute of the Environment. TEP established an advisory council that provided a forum for in-depth discussions with engaged community stakeholders. Members included residential and business customers, local governments, education representatives, limited-income advocates, solar installers and environmental advocates.

The target represents TEP's share of worldwide efforts to limit global warming to below 2 degrees Celsius pursuant to the 2015 Paris Agreement. TEP's plan will reduce CO<sub>2</sub> emissions by 80% by 2035 compared to 2005 levels, a widely used benchmark year incorporated in the United States' commitment under the Paris Agreement and other carbon reduction goals.

TEP's strategy for the last number of years has positioned the utility to advance its new carbon emission reduction target of 80% by 2035. The utility already increased its natural gas generation capacity to prepare for fuel shifting

and increased renewable energy sources. Existing natural gas-fired capacity was acquired in 2017 when market conditions were favourable, recognizing the need to support the future increased use of renewables that was anticipated as a result of coal shutdowns. The integration of this additional capacity at TEP resulted in a temporary increase in Scope 1 emissions attributable to the additional capacity that was supplied to the wholesale market. More recently, TEP installed efficient natural gas generators, which quickly ramp up or down as production from renewables varies. The new units also reduce operating costs, water usage, emissions and they are 40% more efficient than the units they replaced.

The 80% target is not the first established by TEP. In 2017 the utility established a goal to provide 30% of its energy from renewable resources by 2030.

**Three short years later, the utility is closing in on this goal and expects to provide more than 28% of its power from renewable resources in 2021.**



**Natural gas plays an important role**

in TEP's plans to lower carbon emissions and increase renewable energy integration.



TEP plans to **eliminate the use of surface water**

for power generation and anticipates a 70% reduction in groundwater use.

TUCSON ELECTRIC POWER'S AMBITIOUS TARGET



TEP will avoid **more than 50 million<sup>(1)</sup>** tons of CO<sub>2</sub> emissions over the next 15 years.

This accelerated timeframe was made possible due to several large wind and solar energy projects. The largest project is the 250 MW Oso Grande Wind Project, which will generate enough electricity to power nearly 100,000 homes. Combined with the planned 99 MW Borderlands Wind Project, 100 MW solar array and 30 MW battery storage system being developed in southeast Tucson, TEP will have enough clean energy to power more than two-thirds of Tucson homes.

*TEP Partnering with the University of Arizona to Create a 100% Clean Energy Campus*

TEP is also supporting the University of Arizona's plan to provide 100% clean energy to its Tucson campus by the end of 2020. TEP will dedicate portions of new wind and solar energy projects to serving the University of Arizona's energy needs. The agreement was approved by the Arizona Corporation Commission in December 2019 and when completed, the University of Arizona will be the largest research university in the U.S. with a plan to offset all of its Scope 2 GHG emissions.

<sup>(1)</sup> Represents the reduction of emissions reflected in TEP's 2020 IRP compared to its 2017 IRP. Equivalent to 45 million metric tonnes.



## FortisBC Commits to Reduce Customer Emissions by 30% by 2030

In 2019 FortisBC released its 30BY30 goal, which aims to reduce customers' GHG emissions by 30% by 2030. This is one of the most ambitious emission reduction targets in the Canadian utility sector and will focus on four key GHG reduction areas:

### Supporting the continued growth of Renewable Gas

FortisBC has a goal that 15% of its gas supply is to be renewable gases by 2030. Renewable gases decarbonize the gas supply by replacing conventional natural gas with lower-carbon alternatives such as Renewable Natural Gas ("RNG"), hydrogen and syngas. FortisBC currently owns and operates two RNG facilities and receives RNG into its system from three additional locations in British Columbia ("BC"). Activities will include:

- A partnership with the City of Vancouver to produce RNG using biogas from the City's landfill in Delta. Construction of this RNG facility commenced in 2019 and is expected to be completed in early 2022. It will be FortisBC's largest RNG project to date. In 2019 FortisBC also signed an agreement to supply Translink's natural gas-powered public transit buses in the Vancouver region with RNG.
- An approval in principle of an agreement to purchase RNG generated from another BC landfill for beneficial use in FortisBC's natural gas system. The project is expected to reduce GHG emissions by approximately 264,000 tonnes of CO<sub>2</sub> equivalent over the 25-year life of the project.
- An innovative project to purchase RNG made from wood waste. A new technology will be used for the first time in North America to create a use for forestry waste in BC and unlock the potential for new volumes of RNG in the province.
- Exploration of the potential of other renewable and low-carbon gases, such as hydrogen and syngas to decarbonize the energy the company delivers. FortisBC is conducting feasibility studies and actively exploring ways to add hydrogen to its natural gas supply.

**2** *Advancing the adoption of LNG to help customers displace higher carbon fuels in the global marine and industrial sectors.*

FortisBC has developed a first in the world Liquefied Natural Gas (“LNG”) tanker fueling method for marine vessels. FortisBC was also the first company in the world to complete more than 2,000 individual LNG marine truck to ship fueling events.

In July 2019, FortisBC signed a contract to provide weekly exports of LNG to China, which will see up to 60 ISO containers being shipped weekly by 2021 to reduce reliance on coal.

**3** *Tripling spending in energy efficiency programs to \$368.5 million by 2022 and developing innovative energy solutions for homes and businesses.*

Examples of programs include installation of higher-efficiency commercial boilers, residential fireplaces as well as research and deployment of innovative technologies.

Since 2010 FortisBC has invested \$311 million in natural gas efficiency programs that has resulted in approximately 4.4 petajoules in annual energy savings.

**4** *Expanding investments in low- and zero-carbon vehicles and infrastructure in the transportation sector.*

Since 2012 FortisBC has worked to lower GHG and air quality emissions in the transportation sector by expanding a fleet of 900 natural gas-powered commercial vehicles in BC, 14 natural gas fueling stations, and 7 marine vessels powered with LNG.

In 2019 FortisBC signed an agreement to supply natural gas-powered public transit buses in the Vancouver region with RNG, one of the lowest carbon transport fuels in BC.

Currently, the company owns and operates 23 fast charging EV stations and two Level 2 stations in the southern interior of BC, with another eight scheduled to go into service by the end of 2020.

## Supporting Carbon Reduction Across Fortis Utilities

The following are additional examples of action taken across our group of companies to reduce carbon emissions and increase the use of renewable energy:

### Caribbean Utilities Company Increasing Battery Storage

In 2019 Caribbean Utilities Company ("CUC") located in the Cayman Islands received approval for a 20 MW battery storage project. This battery storage will reduce carbon emissions by approximately 8%, decrease costs for CUC customers and support CUC's plans to diversify its energy mix by adding more solar generation.

A portion of the battery storage will be allocated to CUC's Distributed Energy Resources Program. The program allows customers to generate electricity from their own renewable energy systems for personal use.

### FortisTCI Plans to Integrate More Renewable Energy

In 2019 FortisTCI signed a memorandum of understanding with the Turks and Caicos Islands Government and the Clinton Foundation to create a sustainable energy future for the country. By signing the memorandum, each group committed to accelerating the integration of cleaner energy sources.

The utility has launched a solar plus battery storage pilot program and is focused on integrating more renewable energy. FortisTCI has plans for a 1 MW solar project, which will be the first utility scale renewable project in the country.

### FortisAlberta's Streetlight Conversion Program

FortisAlberta has replaced 74,000 streetlamps with more efficient LED lights since the program began in 2016. The new lights are approximately 60% more energy efficient, reduce maintenance costs and result in a reduction of more than 19,000 tonnes of CO<sub>2</sub> emissions annually.



In 2019 Fortis utilities collectively spent **more than \$106 million** on energy efficiency and conservation programs.

### Resource Planning and Carbon Pricing

Every Fortis utility conducts resource planning to help evaluate and identify cost-effective solutions to provide the best service to customers in accordance with local policy objectives over the long-term, often submitting these plans for regulatory and stakeholder review.

Fortis primarily delivers energy supplied by others. As such, a carbon price is not used for energy supplied by others and transported by our infrastructure. With that said, as part of resource planning, carbon pricing assumptions are used to ensure carbon price impacts are reflected. Modeling different scenarios with and without a carbon price helps to inform which resource options are subject to a greater carbon price risk.

This form of modelling was used by TEP during its 2020 integrated resource planning. Internal carbon pricing helped to identify which resources would best meet expected load forecasts at the most reasonable cost.

## Taking Action to Decrease Carbon Emissions in the Transportation Sector

By enabling the use of more natural gas and electricity to energize transportation, we are taking the right steps to improve our carbon footprint and decrease customer carbon emissions.

### FortisBC – An International Leader in Transportation Energy Solutions

Whether its marine vessels, truck fleets, locomotives or heavy industrial trucks, FortisBC is reducing customer costs and carbon emissions through the use of LNG. In BC, the transportation industry is responsible for the largest portion of provincial GHG emissions. By fueling with natural gas, GHG emissions from truck fleets can be reduced by up to 30% compared to diesel and gasoline.

**Internationally, FortisBC's LNG is considered among the cleanest in the world.**

LNG produced in BC reduces GHG emissions by 26% compared to a 20% reduction for global LNG.

Why is it the cleanest natural gas? The process to liquify the natural gas, as well as its storage, is completely powered by renewable hydroelectricity.

By choosing to fuel with LNG, marine industry operators on the west coast of North America, Asia and other locations can experience cost savings of more than 50% compared to other fuels and GHG emissions from ships coming to BC can be reduced by approximately 21%. To support marine vessel owners to transition to natural gas, FortisBC has committed \$68 million in capital incentives to help cover the incremental costs of upgrading to an LNG-powered marine vessel for operators who purchase LNG from FortisBC.

### A Founding Member of the Alliance for Transportation Electrification



Recognizing the need to accelerate electrification of transportation in the U.S., Fortis was one of the founding members of the Alliance for Transportation Electrification. Since its inception in 2017 it has grown to include over 50 member organizations. The alliance promotes the benefits of transportation electrification by focusing on the



■ Employee Ahmed Morsi, LNG Plant Operator with FortisBC



FortisBC has committed **\$68 million** in capital incentives to support operators to upgrade to an LNG-powered marine vessel.

deployment of EV infrastructure, creating a policy and regulatory framework and standardized charging infrastructure.

The adoption of EVs continues to accelerate and Fortis is actively engaged in a variety of initiatives to advance cost-effective and customer-focused adoption.

*Here are a few examples of Fortis utilities supporting the move to transportation electrification:*

Central Hudson hosts an annual EV summit and has specific rates designed for residential customers who are EV owners. These tailored rates enable customers to purchase electricity at a lower rate at specific times in the day to charge their vehicle. Central Hudson also sells residential level two EV chargers directly to customers at its online store.

TEP funded the "Sabino Canyon Crawler", a battery-electric shuttle that provides scenic tours through Sabino Canyon in Arizona. The Canyon Crawler carries passengers safely and quietly through the canyon without disturbing wildlife or creating emissions. TEP contributed US\$1.5 million and an additional US\$1 million as an interest-free loan to fund the purchase of the shuttles. In addition to the funding, TEP upgraded the electric infrastructure to support the installation of the associated charging stations.

FortisBC partnered with Natural Resources Canada, the Provincial Government of British Columbia and local communities to place 12 Direct Current Fast Charging ("DCFC") stations at strategic locations throughout its service territory. The locations provide EV drivers options for short and long highway commutes and enables customers to charge their vehicles quickly and efficiently. In total FortisBC owns 23 electric fast chargers across 14 communities with 16 more planned for deployment to the end of 2021.



■ The Sabino Canyon Crawler in Arizona



■ FortisBC VP, Market Development and External Relations Doug Stout powers up at a DCFC station



■ Environmental Specialist Melissa Graham of FortisBC

## A Good Steward of the Environment

Each Fortis utility has a dedicated team of environmental professionals who consider the environmental impacts of our operations and create and implement protection measures to preserve our natural environment.

### Promoting Biodiversity at Fortis Utilities

With nearly 250,000 kilometres of electricity lines and natural gas lines across North America, vegetation and wildlife management are key focus areas. Biodiversity planning is part of the full project life cycle at Fortis utilities. Our utilities plan, construct and operate in a way that protects natural habitats and promotes biodiversity. Every Fortis utility has a right-of-way vegetation management program to ensure vegetation growth does not cause interruption of service or fuel wildfires.

Below we highlight a few of the many biodiversity projects taking place across our North American footprint.

### **ITC – A Leader in Environmental Stewardship**

ITC develops diverse, stable, natural greenways where native grasses, wildflowers and low-growing shrubs thrive under and around the company’s electricity transmission corridors. The utility collaborates with national organizations including the U.S. Fish and Wildlife Service and state wildlife agencies to preserve the natural environment. Environmental assessments are completed for wetlands, threatened and endangered species and other sensitive habitats as ITC plans grid infrastructure projects.

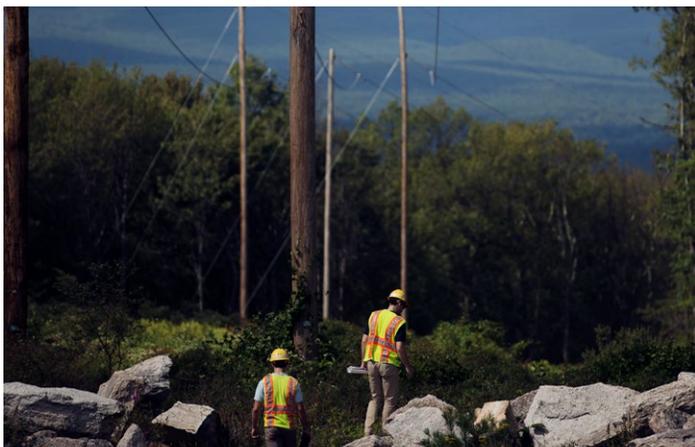
To support these efforts, ITC’s environmental team has developed an innovative geographic database of rare plant and animal species and unique natural ecosystems that occur within, or close to, ITC power lines. The database provides valuable information that is used to develop techniques to avoid disturbing rare plants, species and habitats.

**ITC has been recognized by The Wildlife Habitat Council’s (“WHC”) Conservation Certification program for its sustainability efforts.**

WHC recognizes conservation efforts by companies that collaborate with employees and the community to conserve and restore wildlife habitats. ITC has participated in the program since 2008 and currently has 14 certified sites, including its corporate campus.

### **FortisAlberta – Protecting Woodland Caribou**

In Alberta, woodland caribou face extinction without better protection from predation and habitat preservation. By using integrated vegetation management along its power-line corridors, FortisAlberta encourages diverse undergrowth, which reduces the line-of-sight for predators of woodland caribou.



■ Central Hudson employees in the Hudson Valley

### Central Hudson – Preserving the Scenic Beauty of the Hudson Valley

Tree density in Central Hudson's service territory is significantly higher than the national average and studies have shown that falling trees and branches cause approximately 40% of all outages in the region. Central Hudson has a proactive vegetation management program in place that supports service reliability while protecting the natural beauty of the Hudson Valley.

Central Hudson removes tree safety hazards and promotes growth away from power lines. The utility also provides tips to customers on the location and types of trees that should be planted near power lines.

While conducting its work, the utility adheres to the International Society of Arboriculture, the American National Standards Institute and the Occupational Safety and Health Administrations.

### Managing Invasive Species and Avian Protection Measures

Invasive species are non-native species that are likely to cause ecological harm. Fortis utilities have incorporated best management practices to limit the introduction and spread of invasive species.

Avian protection measures are incorporated into our power line and right-of-way management programs to ensure nest management, bird protection and collision mitigation measures. For example, Central Hudson tailors its vegetation management program to native bat species that are endangered or threatened. "Bat zones" in its service territory, which are known bat habitats, are considered as part of the program design to avoid disturbing the bats during maternity season. Fortis utilities also have a number of well-established osprey nest relocation programs that are implemented when osprey build nests on live power poles. The nests are safely removed to an alternate pole with a suitable nesting platform. Some of our utilities have popular live nest cameras that are used to educate the public on the importance of bird protection.

## Water Management

Approximately half of the water withdrawn for operational use by Fortis utilities is returned to its source. While TEP utilizes water in the generation of electricity, the facilities are located within an assured or stable water supply. The amount of water removed is equal to the average replenishment rate of the aquifer. The utility further manages water use by limiting withdrawals and implementing water conservation measures, whenever possible.

**As TEP implements its 2020 IRP, the use of surface water for power generation will be eliminated and groundwater use will be reduced by 70%.**

Generation from higher-water use coal-fired resources will be transitioned to generation from lower-water use natural gas plants and zero-water use renewable resources.



The recent installation of efficient reciprocating internal combustion engine natural gas generators at TEP is expected to result in a **70% reduction in water consumption at the facility, a savings of more than 1.7 billion litres annually.**

That's enough water to fill approximately 689 Olympic-sized swimming pools every year.

## Waste Management

All Fortis utilities manage waste in accordance with ISO 14001-aligned environmental management programs and local regulations.

One of our more significant waste materials is coal-combustion residuals ("CCR"), which is associated with TEP's coal-fired electricity generation. Approximately 55,000 metric tonnes of CCR is reused annually as a suitable replacement for the resource-intensive manufacturing process of traditional cement. The remaining CCR is disposed of in a responsible manner in onsite landfills and a small percentage is placed in liquid surface impoundments. The amount of CCR produced at TEP in the last three years has decreased by 20% due to reduced coal-fired electricity generation. Further reductions will be achieved by TEP as additional coal-fired electricity generation is retired.

**ITC continues its efforts to reduce waste and increase recycling at its main corporate campus in Novi, Michigan. Approximately 47% of all waste material at the ITC campus is currently diverted from landfills.**

ITC has also implemented a waste reduction program at four of its warehouses in Michigan and Iowa. Wood, paper, cardboard and plastic is eliminated from the general trash waste streams and recycled, reducing the amount of material sent to landfills by 50%. On average, more than 195,000 pounds of material is recycled annually at these warehouses. Two of the four warehouses are now compacting the waste that cannot be recycled for use at a waste-to-energy power plant, converting the compacted trash into electricity, making these locations truly zero landfill. In 2019 ITC diverted approximately 290,000 pounds of waste material from all its corporate facilities and warehouse operations.



### Fortis Named Among the Best 50 Corporate Citizens in Canada

For a second year in a row, Fortis has been included in Canada's Best 50 Corporate Citizens based on corporate sustainability performance. Each year, Corporate Knights, a specialized media and investment research firm, ranks Canadian companies with annual revenues of more than \$1 billion and each are evaluated on a set of up to 21 environmental social and governance indicators.

In 2020 our ranking improved from 24<sup>th</sup> to 14<sup>th</sup>.

Our people,  
our strength

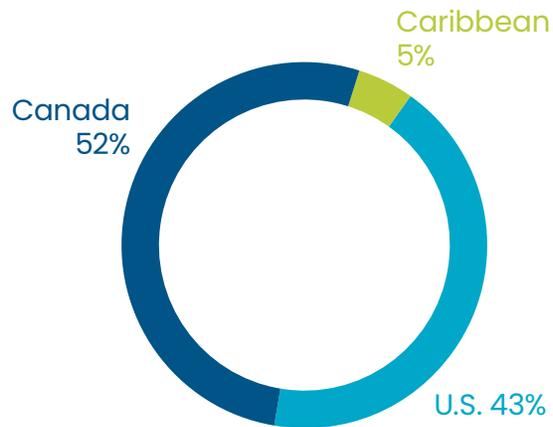


## Our Employees

**9,000**  
employees strong  
throughout North America



### Employee Locations

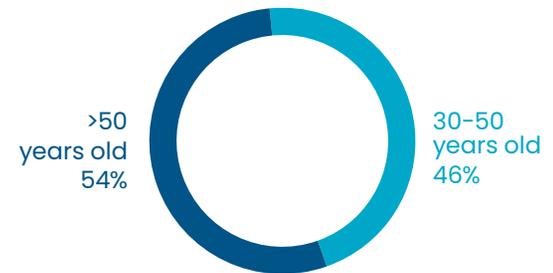


**~100%**  
of full-time employees  
are eligible to receive  
health benefits



**11.5** average years  
of employment

### Executive Age



**3.5%**  
Voluntary  
Turnover

**1.9%**  
Annual  
Retirement  
Rate

## Keeping Employees Safe During the COVID-19 Pandemic

As Fortis responds to the COVID-19 pandemic, employee safety remains a priority and guides every decision we make. We stay grounded in our responsibility to do what's right, honour our commitments and deliver safe and reliable energy to customers. These pillars have, and will, remain our bedrock.

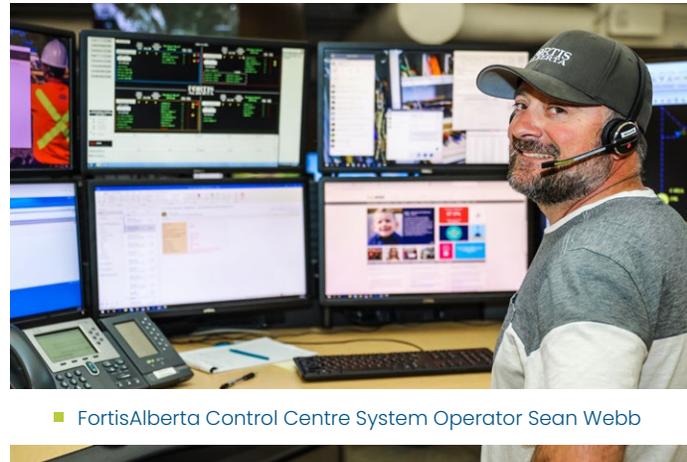
Our service is essential. Throughout the pandemic Fortis utilities continue to reliably deliver electricity and natural gas to our customers' homes and businesses. Our communities and our health care systems are depending on us, and our family of utilities is answering the call.

We share best practices and collaborate across the group of utilities. The Fortis business model supports agility and independence as utilities focus on the needs of their respective communities. This operating model creates a tailored approach to effectively respond at the local level.

At the start of the pandemic, we carefully adhered to guidance from local health authorities and transitioned approximately half of our 9,000 employees to work from home. While a number of employees can effectively

perform their jobs at home, the nature of our business requires many employees to work in the field to ensure critical services continue.

Fortis utilities continue to follow guidance from health authorities and put additional safety measures in place to protect our mission-critical personnel during this time. Work process adjustments have been made to ensure social distancing and guidance from local health authorities is followed. Additional safety protocols, including pre-shift screening, have been put in place. In some locations, certain essential workers were sequestered during critical phases of the pandemic.



■ FortisAlberta Control Centre System Operator Sean Webb



"I have tremendous gratitude for our employees, now more than ever. I thank every one of you and your families for the commitment you've shown in recent months. It's been incredible."

### Barry Perry

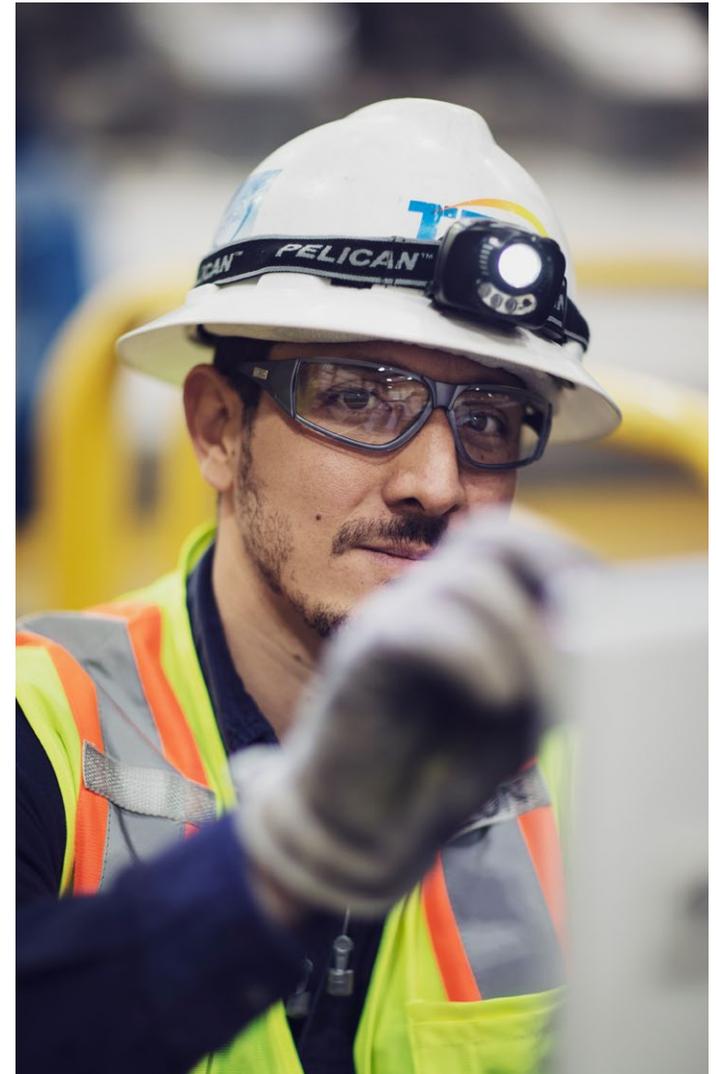
*President and CEO, Fortis*

We are fortunate that to date, we have experienced a small number of positive COVID-19 employee cases amongst our 9,000 employees. We know this can change quickly, so we remain diligent in our approach to safety. Overall, our safety performance has been strong in 2020 and we are experiencing a reduction in the number of recordable injuries in comparison to historical performance.

For many in our communities, the impacts of the pandemic have been heavy, including the loss of loved ones, sickness and job loss. For some, it has created significant financial hardship. Fortis utilities have stepped up and put programs in place to support customers and communities as they get back on their feet.

**Collectively, Fortis has pledged \$4.5 million dollars to date to charities and community organizations that are responding to the increased needs of people during COVID-19.**

This amount includes the Fortis Community Matters project, which saw \$500,000 donated in total to 20 non-profit organizations to provide immediate financial support to frontline COVID-19 response efforts in our home province of Newfoundland and Labrador.



■ TEP employee Ryan Leon



**Regular employee engagement surveys** provide insight to ensure employees remain safe, healthy, motivated and engaged.

### Providing the Skills and Knowledge for Success

Throughout the Fortis group of companies, we focus on providing the right experience, mentorship and training to ensure our employees can reach their full potential and that together, we can innovate and grow to meet evolving customer needs. Employee training opportunities support development and maintains our knowledge of best operational practices and new technologies.

**In 2019 Fortis and its utilities invested approximately \$20 million on employee training.**

In addition, seven Fortis utilities offer electrical apprenticeship programs at an investment of nearly \$8 million annually. These programs are multi-year in duration and involve thousands of hours of on-the-job and technical training. In 2019 30 power line technician apprentices were hired.

FortisAlberta's Employee Development Centre ("EDC") has been delivering apprenticeship training since 1980 and is accredited by the provincial office of Alberta

Apprenticeship and Industry Training. The EDC also trains apprentices for FortisBC and CUC.

Providing regular and constructive feedback is equally important to develop our employee talent. Employees receive regular performance feedback, with many of our utilities using systematic performance targets as part of the feedback process. Multi-dimensional performance tools, such as 360-degree feedback, are used by several utilities to collect and provide employee performance feedback.

### Constructive Union Relations

We respect our employees' freedom to associate. Over half of our 9,000 employees belong to a labour union and we strive to maintain good employee relations with regular communication and collaboration between union and management leaders.

If employee relations issues arise, unionized employees have access to a grievance procedure for internal dispute resolution, which provides an opportunity for a timely and fair resolution.

# A Fortis for *everyone*

## Inclusion and Diversity

At Fortis, we embrace an inclusive culture where everyone feels valued, respected and safe. We appreciate differences in age, ethnicity, gender, physical attributes, language, sexual orientation, education, nationality, culture and other personal characteristics.

In 2019 we finalized an inclusion and diversity framework and each of our company CEOs signed a declaration of their personal commitment to advance inclusion and diversity efforts.

In June of this year, our leadership team reaffirmed its pledge as communities protested for equality, dignity and inclusion after the death of Mr. George Floyd. The Black community continues to face discrimination. We are committed to doing what is right and influencing positive actions in our communities. Fortis is committed to providing a workplace that has zero tolerance for discrimination on any basis, harassment, sexual harassment, bullying or any form of abusive behaviour.

The fundamental principles of our inclusion and diversity framework are supported by our [Code of Conduct](#),

which states that we should treat others as we would expect to be treated and our [Respectful Workplace Policy](#) which forbids bullying, harassment or discrimination in the workplace.

We recognize that an inclusive and diverse workplace inspires innovation and attracts bright minds. Our focus on inclusion and diversity will continue as we respect the unique experiences and perspectives of our employees and empower them to bring their authentic selves to work. We promote acceptance and equality at work, at home, in our communities and in all that we do.

### Continuing Progress on Gender Diversity

Gender diversity has been a specific focus for Fortis in recent years.

**Females represent 40% of our directors elected in 2020, approximately one-third of executives throughout the Fortis group of companies and 60% of employees at head office.**



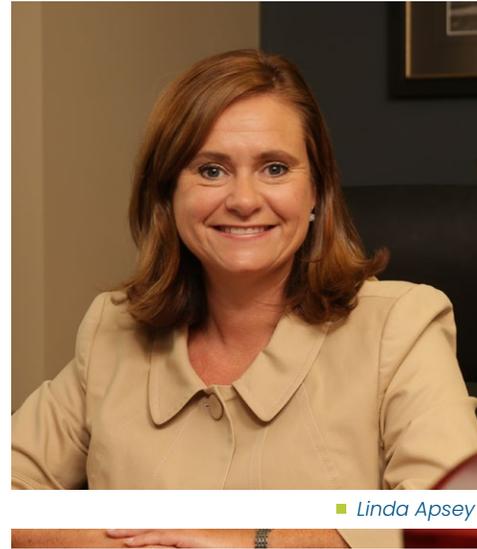


## A Perspective

from ITC Holdings Corp. President and Chief Executive Officer  
Linda Apsey and FortisTCI Senior Executive Ruth Forbes

Linda Apsey was one of the founders of ITC and was appointed President and CEO after Fortis acquired the company 2016.

Ruth Forbes was recently appointed President and CEO of FortisTCI, effective August 2, 2020. We asked Linda and Ruth to share their perspectives on leadership and diversity.



■ Linda Apsey



■ Ruth Forbes



### Are you noticing any changes in terms of what employees are expecting from their leaders?

**L. Apsey:** More and more often, employees are looking to leaders for perspective, opinions and positions on policy and social issues. Employees recognize the important voice that corporations have and are looking for companies to lead and lend their voice on these important matters. It provides a platform for many employees to lend their voice, their passion, and ultimately, advances the connection and relationship between the company and their employees and communities.

**R. Forbes:** Absolutely. At FortisTCI, we have a relatively young team made up of a significant number of millennials, who are keen to contribute and lead. There is a greater expectation for leaders to be aligned with their values and purpose. Employees are demanding a more personal connection, and there is a higher expectation for leaders to take an interest in the things that matter most. Employees want leaders who inspire from the heart.



■ Linda Apsey speaking at ITC's Partners in Business Meeting



■ Ruth Forbes with participants at the 2020 FortisTCI National Science and Technology Fair



**Are you seeing a shift in the utility industry as it relates to gender diversity? If so, what is driving this shift?**

**L. Apsey:** Gender diversity has been an important issue in our industry for some time; however, much work remains to ensure that women are appropriately represented at all levels in the organization – from the Board of Directors, executive management, leaders, front line and field employees. Driving the momentum is the fact that we have not reached our destination and we can do better, and do more. As a leader, it is a responsibility. As an employee, it is an expectation. For our communities, it is their success.

At ITC I am extremely proud that four of our five senior executives are women who are true leaders in their respective fields. They lead by example to drive the performance of their teams as well as company results and success.

**R. Forbes:** The call for gender equality across all sectors has been at the forefront for some time now, along with persistent advocacy for women to be better represented. Forward-thinking industries and companies recognize the value of gender diversity, and it is heartening to see the shift taking place at utilities. Our business is uniquely positioned to focus

on gender diversity, not only because it makes great business sense, but also because it is the right thing to do. Embracing gender diversity brings a multiplicity of perspectives to the table, which in turn sparks creativity and innovation.



**What's your best career advice?**

**L. Apsey:** Ultimately, we are each in charge of our own success and happiness and the sooner you identify for yourself what gives you that deep sense of satisfaction, the more successful you will be. I don't define success as becoming a CEO, or by salary, but by an internal sense of purpose, passion, and motivation. Evaluate early and often what you love to do, and how you can continually challenge yourself to do more of what you love. Find many supporters and champions along the way who can help you be better and fulfill your sense of purpose.

**R. Forbes:** Character and integrity trump everything. Determine your non-negotiables early and don't bend on them. For me, integrity, professionalism, respect, teamwork, gratitude and a sense of humour are key to my performance on the job. Stay humble and grounded. Be confident, but not arrogant; people know the difference. Treat everyone with respect and the way you would want to be treated. And never forget that successes don't just happen, you have to be committed and put in the work.

### Fortis Holds 4<sup>th</sup> Annual Women in Executive Leadership Forum

The annual event included sixty women from throughout the Fortis group of companies. Participants share candid perspectives on advancing women in the energy sector. What makes the gathering unique is that our female executives invite emerging talent to the event, resulting in a collaborative setting that supports female leadership



■ 2019 Women in Executive Leadership Forum

development. The 2019 event included conversations on the Fortis growth plan, bias awareness, people leadership and managing through crisis situations.

### Fortis Recognized by the Report on Business as a Gender Diversity Leader



Launched this year, Women Lead Here will be an annual benchmark report for gender diversity produced by the Globe & Mail's Report on Business magazine. After evaluating hundreds of companies, Fortis was identified as one of only 73 corporations in Canada at the forefront of women in leadership positions.

### A Signatory to the 30% Club Canada

We recently became a signatory to the 30% Club Canada. The club recognizes that greater diversity leads to better governance and business outcomes and, as a signatory, Fortis commits to meaningful, sustainable gender balance in our leadership.



Three of the ten Fortis utilities, ITC, UNS Energy and FortisTCI, have **female Presidents.**

Combined, the assets of ITC, UNS Energy and FortisTCI comprise 59% of the total assets of Fortis.

We have a strong  
sense of community



## Community Partnerships

We always search for new ways to grow, improve, innovate and operate more efficiently. We rely on conversations with our stakeholders to understand the needs and expectations of the communities we serve to progress as a company. Below we have outlined our key stakeholders and how we engage with each group to understand their needs and expectations.

Stakeholder	How We Approach Engagements	
<b>Communities</b>	<ul style="list-style-type: none"> <li>Charitable donations and sponsorships</li> <li>Charitable activities and events</li> <li>Partnerships with educational institutions</li> <li>Community consultation programs</li> </ul>	<ul style="list-style-type: none"> <li>Membership and participation in local Boards of Trade and Chambers of Commerce</li> <li>Employees serve on various nonprofit boards of directors</li> <li>Employee volunteerism</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Customer surveys</li> <li>Customer service delivery</li> <li>Energy efficiency program and events</li> </ul>	<ul style="list-style-type: none"> <li>Local event sponsorships and participation</li> <li>Social media</li> <li>Community education programs</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Cross-utility working groups</li> <li>Executive leadership visits</li> <li>Employee meetings and special events</li> <li>Formal process for complaints</li> <li>Fortis Day</li> <li>Training</li> </ul>	<ul style="list-style-type: none"> <li>Union relations</li> <li>Quarterly Letter from the President and CEO</li> <li>Regular internal communication</li> <li>Engagement surveys</li> <li>Employee-development plans</li> </ul>
<b>Regulatory and Government</b>	<ul style="list-style-type: none"> <li>Focus on constructive regulatory relationships</li> <li>Participation in public policy and legislative consultations</li> </ul>	<ul style="list-style-type: none"> <li>Providing responses to general industry requests from regulators</li> <li>Regular regulatory and government outreach</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>Annual shareholder meeting</li> <li>Board-shareholder engagement meetings</li> <li>Industry conferences</li> </ul>	<ul style="list-style-type: none"> <li>Investor Day events</li> <li>Quarterly earnings calls</li> <li>Scheduled meetings with shareholders</li> </ul>
<b>Utility Industry</b>	Participation in industry associations including: <ul style="list-style-type: none"> <li>Alliance for Transportation Electrification</li> <li>American Gas Association</li> <li>Canadian Electricity Association</li> </ul>	<ul style="list-style-type: none"> <li>Canadian Gas Association</li> <li>Edison Electric Institute</li> <li>Electric Power Research Institute – Research Advisory Committee</li> </ul>

### The Fortis Energy Exchange

A North American Energy Leadership Forum

The 2019 Fortis Energy Exchange was held in partnership with Canadian and U.S. industry associations.

More than 100 North American energy leaders discussed cross-border partnership opportunities, sustainability, the role of natural gas in a balanced energy portfolio and our collective energy future.

## A Year of Important Milestones for the Wataynikaneyap Power Project

When it comes to community partnerships, the Wataynikaneyap Power Project sets the standard in terms of engaging with communities and working towards a common purpose.

The Wataynikaneyap Power Project is 51% owned by First Nations partners and will see the construction of approximately 1,800 kilometres of transmission lines to connect 17 remote First Nations communities to the Ontario power grid for the first time.

Good progress was made in 2019 with the engineering, procurement and construction contract awarded, financial close achieved and the Notice to Proceed issued.

In 2020 additional safety precautions have been implemented in light of the COVID-19 pandemic to protect employees. The project continues to make progress and the new transmission line to Pickle Lake is scheduled to be completed by the end of 2020, with more remote-community connections expected in 2021.

## FortisBC – Advancing Sustainable Relations Between Indigenous Peoples and Businesses

As a member of the Canadian Council for Aboriginal Business, FortisBC is working to become certified under the Progressive Aboriginal Relations Program. The certification process provides an opportunity for FortisBC to review and strengthen business practices to increase alignment with best practices, guidelines and targets recommended by Indigenous business leaders and established standards for social responsibility. Companies certified by the Progressive Aboriginal Relations Program are required to maintain or improve upon key performance in employment, business development, community investment and community engagement.



Over 40 years, the Wataynikaneyap Power Project is expected to **reduce CO<sub>2</sub> emissions by 6.6 million tonnes.**



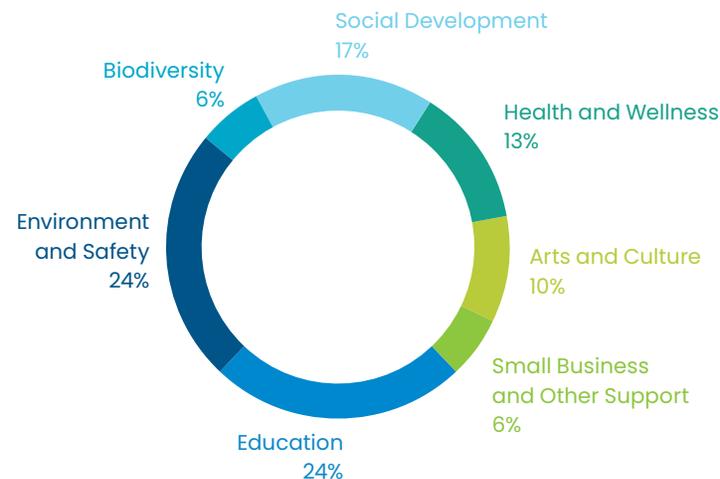
■ The fourth round of Line Crew Ground Support Training for the Wataynikaneyap Power Project

## Community Investment

Fortis utilities are local leaders in their communities, focusing their support in the areas most needed at the local level. In 2019, more than \$12 million in community investment was attributed to the Fortis group of companies.

New to our sustainability report this year is a breakdown of 2019 community donations by category to provide more information on the organizations we support.

### 2019 Community Investment Areas



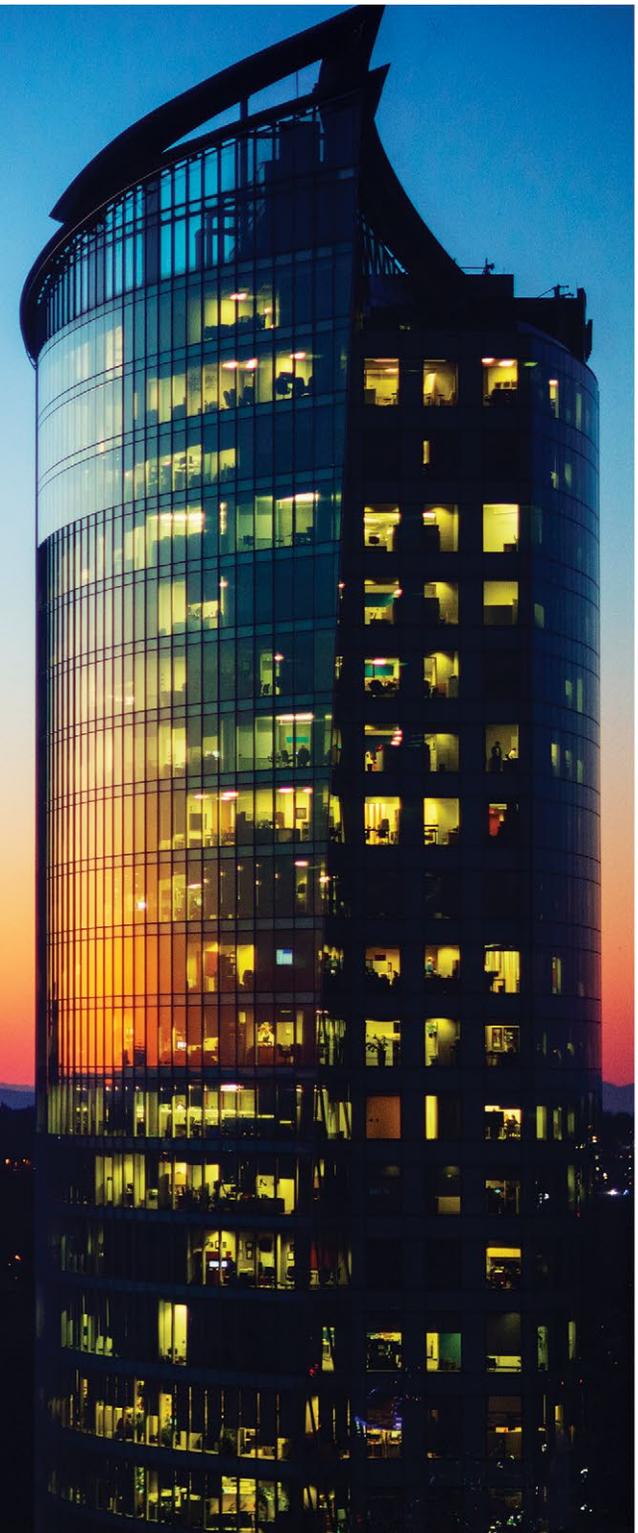
■ Maritime Electric employees

### Maritime Electric's Trees for Life Project

In 2019 Maritime Electric launched its Trees for Life community outreach and employee engagement initiative, where employees planted trees at two community schools on Prince Edward Island. The employees planted 367 trees, which will reduce GHG emissions by more than 6,530 kilograms each year.

# Key Performance Indicators Summary

|| APPENDIX A ||



The sustainability indicators listed in this appendix are dated as of December 31, 2019, except as otherwise noted. Please use this document for comparative purposes as historical data has been updated in some instances.

## Operations Indicators

	2019	2018	2017	2016 <sup>(1)</sup>	2015	
<b>Financial Indicators</b>						
<b>Assets</b>						
Total Value of Assets (\$B)	53.4	53.1	47.8	47.9	28.8	
Percentage of Total Assets that are regulated utility assets	99%	97%	97%	97%	96%	
Percentage of Total Assets associated with Energy Delivery	93%	93%	92%	91%	85%	
Percentage of Total Assets associated with Electricity Generation	7%	7%	8%	9%	15%	
- Percentage of fossil-fuel generation	5%	5%	-	-	-	
- Percentage of renewable generation	2%	2%	-	-	-	
<b>Capital Expenditures (\$B)</b>						
Resiliency and Modernization Capital	1.9	-	-	-	-	
Cleaner Energy <sup>(2)</sup> Capital	0.6	-	-	-	-	
Customer Growth Capital	0.6	-	-	-	-	
IT & Cybersecurity Capital	0.3	-	-	-	-	
Other Capital	0.4	-	-	-	-	
	<b>Total Annual Capital Expenditures (in \$B)</b>	<b>3.8</b>	<b>3.2</b>	<b>3.0</b>	<b>2.1</b>	<b>2.2</b>
Percentage of Capital Expenditures Related to Coal-Fired Electricity Generation	1.1%	-	-	-	-	
Percentage of Capital Expenditures Related to the Transmission, Storage and Distribution of Natural Gas	11.8%	-	-	-	-	
<b>Other Financial Indicators</b>						
Percentage of Rate Base Related to Coal-Fired Electricity Generation	4.7%	-	-	-	-	
Percentage of Revenue Related to Coal-Fired Electricity Generation	5.7%	-	-	-	-	
<b>Customer Information</b>						
Number of electricity customers (in thousands)	2,036	2,022	2,002	1,986	1,965	
- Percentage of Residential Customers	86.5%	-	-	-	-	
- Percentage of Commercial Customers	12.4%	-	-	-	-	
- Percentage of Industrial Customers	1.1%	-	-	-	-	
Number of natural gas customers (in thousands)	1,281	1,268	1,244	1,227	1,213	
- Percentage of Residential Customers	90.4%	-	-	-	-	
- Percentage of Commercial Customers	9.4%	-	-	-	-	
- Percentage of Industrial Customers	0.2%	-	-	-	-	
	<b>Total Customers (in thousands)</b>	<b>3,317</b>	<b>3,290</b>	<b>3,246</b>	<b>3,213</b>	<b>3,178</b>

Notes:

The hyphens (“-”) in the table above indicate either a new metric and/or data that is not available.

(1) Data is provided from the date of acquisition of the following: Aitken Creek Gas Storage Facility (April 2016) and ITC (October 2016).

(2) Cleaner energy capital is defined as investments that reduce emissions, water usage and/or increase customer energy efficiency.

	2019	2018	2017	2016 <sup>1</sup>	2015
<b>Electricity Transmission and Distribution ("T&amp;D")</b>					
Total Kilometres of Electricity T&D Lines	184,850	182,700	-	-	-
- Percentage of Distribution Lines	81%	81%	-	-	-
- Percentage of Transmission Lines	19%	19%	-	-	-
<b>Natural Gas T&amp;D</b>					
Total Kilometres of Natural Gas T&D lines	56,850	56,850	-	-	-
- Percentage of Distribution Lines	94%	94%	-	-	-
- Percentage of Transmission Lines	6%	6%	-	-	-
<b>Electricity Generation</b>					
<b>Electricity Generation Capacity (in MW)</b>					
Coal	1,242	1,242	1,412	1,412	1,515
Oil	71	76	76	81	81
Diesel	375	374	375	375	347
Natural Gas	2,201	2,107	1,555	1,555	1,399
Hydropower	566	566	563	563	612
Solar	67	67	67	54	53
	<b>Total (in MW)</b>	<b>4,522</b>	<b>4,432</b>	<b>4,048</b>	<b>4,007</b>
<b>Net Electricity Generated (in gigawatt hours ("GWh"))</b>					
Coal	7,070	7,241	7,565	8,268	8,433
Oil	<1	<1	2	2	4
Diesel	946	900	890	902	870
Natural Gas	8,660	7,572	3,897	3,919	3,324
Biofuel	12	25	24	28	32
Hydropower	2,186	2,930	2,882	2,617	2,581
Solar	102	108	109	82	77
	<b>Total (in GWh)</b>	<b>18,976</b>	<b>18,776</b>	<b>15,369</b>	<b>15,818</b>
<b>Electricity Purchased by Fortis and Resold for Customer Use (in GWh)</b>					
Solar	852	809	734	696	497
Wind	675	688	653	680	629
Hydropower	6,127	6,125	5,842	5,656	6,191
<b>Total renewables</b>	<b>7,654</b>	<b>7,622</b>	<b>7,229</b>	<b>7,032</b>	<b>7,317</b>
Mixed sources from the grid	11,590	11,541	12,556	11,448	12,664
	<b>Total (in GWh)</b>	<b>19,244</b>	<b>19,163</b>	<b>19,785</b>	<b>19,981</b>
Percentage of renewable energy sold to customers <sup>2</sup>	37.4%	39.4%	41.9%	39.5%	40.4%
Percentage of clean energy sold to customers <sup>3</sup>	44.6%	46.8%	49.7%	47.2%	48.0%

Notes:

The hyphens ("-") in the table above indicate either a new metric and/or data that is not available. Please use this document for comparative purposes as historical data has been updated in some instances.

(1) Data is provided from the date of acquisition of the following: Aitken Creek Gas Storage Facility (April 2016) and ITC (October 2016).

(2) Mixed source purchases from the grid estimated based on supplier energy mix and/or regional energy supply.

(3) Clean energy includes nuclear and renewable energy sources.

	2019	2018	2017	2016 <sup>1</sup>	2015
<b>Energy Deliveries</b>					
Total electricity delivered (in GWh)	226,062	224,902	215,699	90,868	50,795
Total electricity delivered (in petajoules ("PJ"))	814	810	777	327	183
Total natural gas delivered (in PJ)	333	307	313	263	236
<b>Total energy delivered (in PJ)</b>	<b>1,147</b>	<b>1,117</b>	<b>1,090</b>	<b>590</b>	<b>419</b>
<b>Customer Energy Savings from Fortis Efficiency and Demand Reduction Programs</b>					
Electricity savings in the year (in GWh)	380	359	329	344	288
Natural gas savings in the year (in terajoules)	951	697	630	541	510
<b>Energy Reliability</b>					
Electricity System Average Interruption Duration Index ("SAIDI") under normal operations (in customer hours of interruption per customer served)	1.84	2.07	2.15	2.07	1.99
SAIDI during major events (in customer hours of interruption per customer served)	4.14	4.10	1.73	0.61	0.88
Transmission Service Reliability (number of forced outages per 100 miles of transmission lines)	0.52	0.55	0.55	0.54	0.50
Gas Leaks per 1,000 customers (number of gas leaks for every 1,000 customers)	1.94	2.39	2.66	2.13	-
Combined T&D electricity losses	4.2%	4.2%	4.3%	4.1%	5.0%
Combined T&D natural gas losses	0.53%	0.95%	0.81%	0.73%	0.69%
<b>Employee Safety<sup>2</sup></b>					
All Injury Frequency Rate (number of injuries for every 200,000 hours worked)	1.45	1.45	1.38	1.67	1.93
Lost Work Day Case Rate (number of lost time injuries for every 200,000 hours worked)	0.66	0.48	0.53	0.64	0.72
Days Away, Restricted and Transfer Rate (number of lost time injuries including restricted work duties for every 200,000 hours worked)	0.85	0.68	0.78	0.72	0.79
Total Recordable Incident Rate (number of injuries including job transfers not requiring medical treatment for every 200,000 hours worked)	1.56	1.58	1.53	1.76	2.00
Percentage of Fortis utilities with extensive occupational health and safety management programs aligned with ISO 45001, OHSAS 18001 or equivalent	100%	100%	100%	100%	100%
<b>Cybersecurity</b>					
Number of reportable information security breaches	0	-	-	-	-
Number of reportable information security breaches involving customers' personally identifiable information	0	-	-	-	-
Number of customers affected by company's data breaches	0	-	-	-	-
Total amount of fines/penalties paid in relation to information security breaches	0	-	-	-	-

Notes:

The hyphens (-) in the table above indicate either a new metric and/or data that is not available. Please use this document for comparative purposes as historical data has been updated in some instances.

(1) Data is provided from the date of acquisition of the following: Aitken Creek Gas Storage Facility (April 2016) and ITC (October 2016).

(2) There was one work-related fatality in the period 2015 to 2019.

## Environmental Indicators

	2019	2018	2017	2016 <sup>(1)</sup>	2015
<b>Greenhouse Gas (GHG) emissions</b>					
<b>Scope 1 emissions<sup>(2)</sup> (in ktonnes of CO<sub>2</sub> equivalent)</b>					
From coal-fired electricity generation	7,224	7,425	7,621	8,323	8,474
From oil electricity generation	<1	<1	4	5	7
From diesel electricity generation	626	598	585	597	591
From natural gas electricity generation	4,075	2,795	1,800	1,966	1,476
<b>Total From Electricity Generation</b>	<b>11,925</b>	<b>10,818</b>	<b>10,010</b>	<b>10,891</b>	<b>10,548</b>
From natural gas operations (combustion, flaring, venting)	154	127	142	97	53
From natural gas fugitive emissions	86	86	93	90	112
From owned vehicle emissions <sup>(3)</sup>	51	51	51	42	39
From SF <sub>6</sub> fugitive emissions <sup>(4)</sup>	92	58	84	34	17
<b>Total Scope 1 Emissions<sup>(5)</sup></b>	<b>12,308</b>	<b>11,140</b>	<b>10,380</b>	<b>11,154</b>	<b>10,769</b>
<b>Scope 2 emissions (in ktonnes of CO<sub>2</sub> equivalent)</b>					
From electricity purchased from the grid, used in Fortis-owned or controlled equipment <sup>(6)</sup>	233	222	223	191	95
<b>Scope 1 and Scope 2 emissions (in ktonnes of CO<sub>2</sub> equivalent)</b>	<b>12,541</b>	<b>11,362</b>	<b>10,603</b>	<b>11,345</b>	<b>10,864</b>
<b>Scope 3 emissions<sup>(6)</sup> (in ktonnes of CO<sub>2</sub> equivalent)</b>					
Related to electricity used by customers that Fortis purchased from the grid	2,979	2,893	3,625	3,353	4,445
Related to electricity transmitted and delivered by certain Fortis companies under regulated tariffs <sup>(7)</sup>	100,720	115,501	111,504	35,897	10,964
Related to natural gas used by customers <sup>(8)</sup>	18,691	17,230	17,572	14,743	13,243

Notes:

- (1) Data is provided from the date of acquisition of the following: Aitken Creek Gas Storage Facility (April 2016) and ITC (October 2016).
- (2) Scope 1 emissions from biofuel are not listed as they are negligible.
- (3) 2015-2016 are estimated values as 2017 was first year for which data was collected.
- (4) Emissions in 2019 are higher due to equipment retirements at UNS Energy and a manufacturer's error on nameplate capacity for equipment. Excluding the manufacturer's error on nameplate capacity, 2019 SF<sub>6</sub> fugitive emissions would be 69.
- (5) 94% of Scope 1 emissions are submitted to a regulatory agency.
- (6) Represents relevant Scope 3 emissions of Fortis and its utilities.
- (7) Reflects ITC and FortisAlberta. These utilities transmit and deliver energy only and do not purchase or sell the energy.
- (8) It has been assumed that natural gas was used in combustion by customers.

	2019	2018	2017	2016 <sup>1</sup>	2015
<b>Avoided emissions (in ktonnes of CO<sub>2</sub> equivalent)</b>					
Avoided emissions from the use of biofuel in electricity generation recovered from landfill sites	7	16	12	15	36
Avoided emissions from the use of natural gas in transportation	37	45	48	36	32
Avoided emissions from the use of liquified natural gas in marine bunkering	34	17	9	-	-
Avoided emissions from the use of renewable natural gas in natural gas deliveries	11	9	8	7	7
Avoided emissions from electric vehicle chargers	0.19	-	-	-	-
Avoided emissions from Customer Demand Reduction and Energy Efficiency Programs	234	232	205	229	190
- From electricity related programs	185	196	173	201	164
- From natural gas related programs	49	36	32	28	26
<b>GHG Intensity Factors</b>					
Combined GHG intensity of energy delivered to customers (in ktonnes of CO <sub>2</sub> equivalent per PJ)	10.9	10.2	9.7	19.2	25.9
Average GHG intensity of electricity delivered to customers (in tonnes of CO <sub>2</sub> equivalent per GWh)	54.4	49.6	47.8	121.6	209.7
<b>Other emissions from electricity generation<sup>2</sup></b>					
NO <sub>x</sub> emissions (in ktonnes)	20	-	-	-	-
SO <sub>2</sub> emissions (in ktonnes)	6	-	-	-	-
Mercury emissions (in kilograms)	17	-	-	-	-
Particulate Matter emissions (in ktonnes)	1	-	-	-	-
<b>Water Used During Fossil Fuel Generation</b>					
Groundwater withdrawn (in million cubic metres ("m <sup>3</sup> "))	49	47	-	-	-
Surface water withdrawn (in million m <sup>3</sup> )	6	6	-	-	-
Returned to source (in million m <sup>3</sup> )	27	26	-	-	-
Water consumed in electricity generation, covering significant use (in million m <sup>3</sup> )	28	27	21	23	24
<b>Waste Management</b>					
Total amount of hazardous waste manifested for disposal (in ktonnes)	0.42	-	-	-	-
Total amount of recycled hazardous waste (in ktonnes)	0.17	-	-	-	-
<b>Environmental Compliance</b>					
Number of spills or releases with an associated fine	-	1 <sup>3</sup>	1 <sup>4</sup>	-	-
Percentage of Fortis utilities with an emergency spill response plan	100%	100%	100%	100%	100%
Percentage of Fortis utilities with extensive environmental management programs aligned with ISO 14001	100%	100%	100%	100%	100%

Notes:

- (1) Data is provided from the date of acquisition of the following: Aitken Creek Gas Storage Facility (April 2016) and ITC (October 2016).
- (2) Prior reports only included emissions from electricity generation owned by UNS Energy.
- (3) In 2018, a heavy sheen condition developed while pre-trenching activities were taking place at a Central Hudson remediation site. The 2018 spill was not reported in prior sustainability reports as the fine did not occur until 2019. There were no impacts to local shoreline or downstream drinking water intakes.
- (4) In 2017, a transformer containing trace amounts of PCB (polychlorinated biphenyls) developed a leak at FortisAlberta. The site was fully remediated and lessons learned were shared with other Fortis utilities.

## Governance & Policy Indicators

	2019	2018	2017	2016	2015
<b>Fortis Inc. Board of Directors<sup>1</sup></b>					
Percentage of Independent Directors	83%	83%	83%	92%	82%
Percentage of Female Directors	42%	42%	33%	33%	27%
Percentage of Board Directors with Sustainability Skills and Experience	50%	50%	-	-	-
Percentage of Governance and Nominating Committee Directors with Sustainability Skills and Experience	57%	57%	-	-	-
<b>Country of Residency</b>					
Percentage of Directors that reside in Canada	50%	-	-	-	-
Percentage of Directors that reside in U.S.	50%	-	-	-	-
<b>Ethnicity<sup>2</sup></b>					
Percentage of Directors with Caucasian Ethnicity	91%	-	-	-	-
Percentage of Directors with Hispanic Ethnicity	9%	-	-	-	-
<b>Age</b>					
Percentage of Directors under 60	25%	-	-	-	-
Percentage of Directors 60-65	50%	-	-	-	-
Percentage of Directors 66+	25%	-	-	-	-
<b>Subsidiary Boards of Fortis' Operating Utilities</b>					
Percentage of Independent Directors	57%	-	-	-	-
Percentage of Female Directors	30%	31%	28%	25%	-
Percentage of Board Directors with Sustainability Skills and Experience	57%	-	-	-	-
<b>Country of Residency</b>					
Percentage of Directors that reside in Canada	51%	-	-	-	-
Percentage of Directors that reside in U.S.	35%	-	-	-	-
Percentage of Directors that reside in the Turks & Caicos Islands	2%	-	-	-	-
Percentage of Directors that reside in the Cayman Islands	10%	-	-	-	-
Percentage of Directors that reside in Belize	2%	-	-	-	-
<b>Ethnicity<sup>2</sup></b>					
Percentage of Directors with Caucasian Ethnicity	86%	-	-	-	-
Percentage of Directors with Black/African Ethnicity	8%	-	-	-	-
Percentage of Directors with Hispanic Ethnicity	3%	-	-	-	-
Percentage of Directors with two or more Ethnicities	3%	-	-	-	-
<b>Age</b>					
Percentage of Directors under 60	52%	-	-	-	-
Percentage of Directors 60-65	33%	-	-	-	-
Percentage of Directors 66+	15%	-	-	-	-

Notes:

The hyphens (“-”) in the table above indicate either a new metric and/or data that is not available.

(1) Metrics include Ida J. Goodreau as she served as a Board member for almost all of 2019 until she passed away in December 2019.

(2) Represents the ethnicity of those who opted to disclose.

Fortis-Wide Policy Framework	Anti-corruption	Code of Conduct	Whistleblower	Insider Trading	Respectful Workplace	Board and Executive Diversity	Political Engagement	Privacy
Sustainability-related subject areas addressed under the Fortis and operating utility policy frameworks	✓	✓	✓	✓	✓	✓	✓	✓

## Employee & Social Indicators

	2019	2018
<b>Number and geographical location of employees</b>		
Total number of employees	9,000	8,800
Percentage employed in Canada	52%	52%
Percentage employed in Caribbean	5%	5%
Percentage employed in U.S.	43%	43%
<b>Diversity</b>		
<b>Employee<sup>1</sup> diversity</b>		
Percentage of male employees	69%	69%
Percentage of female employees	31%	31%
Percentage of employees that are minorities <sup>2</sup> (U.S. utilities only)	27%	-
Percentage of employees with disabilities <sup>3</sup> (U.S. utilities only)	4%	-
Percentage of employees that are veterans <sup>4</sup> (U.S. utilities only)	10%	-
<b>Management<sup>5</sup> diversity</b>		
Percentage of male management	67%	-
Percentage of female management	33%	-
Percentage of management that are minorities <sup>2</sup> (U.S. utilities only)	15%	-
Percentage of management with disabilities <sup>3</sup> (U.S. utilities only)	4%	-
Percentage of management that are veterans <sup>4</sup> (U.S. utilities only)	5%	-
<b>Executive<sup>6</sup> diversity</b>		
Percentage of male executives	69%	68%
Percentage of female executives	31%	32%
Percentage of executive that are minorities <sup>2</sup> (U.S. utilities only)	5%	-
Percentage of executive with disabilities <sup>3</sup> (U.S. utilities only)	0%	-
Percentage of executive that are veterans <sup>4</sup> (U.S. utilities only)	5%	-

Notes:  
 The hypens (“-”) indicate either a new metric and/or data that is not available.  
 (1) An employee includes any individual who has a direct employment relationship with the company as of December 31<sup>st</sup> of the calendar year.  
 (2) An employee is considered a minority if they represent other ethnic/race groups within a country/state/province that differ in ethnicity/race/origin from the dominant ethnic/race group.  
 (3) An employee is considered to have a disability if they have long-term physical, mental, intellectual or sensory impairments that may limit or restrict their movements, activities, or participation in the workplace.  
 (4) An employee is considered a veteran if they are a former member of the armed forces.  
 (5) An employee is considered management if they hold the position of Manager or Director.  
 (6) An employee is considered executive if they hold the position of Vice President, Senior Vice President, Executive Vice President or President/CEO.

	2019	2018
<b>Demographics</b>		
<b>Employees<sup>1</sup></b>		
Percentage of employees under 30	12%	12%
Percentage of employees 30 - 50	55%	53%
Percentage of employees over 50	33%	35%
Average age of employees	44	-
<b>Management<sup>2</sup></b>		
Percentage of employees under 30	6%	-
Percentage of employees 30 - 50	52%	-
Percentage of employees over 50	42%	-
<b>Executives<sup>3</sup></b>		
Percentage of executives 30 - 50	46%	48%
Percentage of executives over 50	54%	52%
<b>Turnover and retention</b>		
Annual voluntary employee turnover <sup>4</sup> (as % of total workforce)	3.5%	-
Annual involuntary employee turnover <sup>5</sup> (as % of total workforce)	1%	-
Annual retirement rate (as % of total workforce)	1.9%	-
Average years of employment	11.5 years	11.4 years
Percentage of employees eligible to retire in 5 years	13.8%	-
Percentage of employees eligible to retire in 10 years	24.8%	-
<b>Hiring</b>		
Percentage of job vacancies filled by existing employees	55%	55%
Percentage of job vacancies filled by new employees	45%	45%
Percentage of job vacancies filled by males	64%	67%
Percentage of job vacancies filled by females	36%	33%
Percentage of job vacancies filled by minorities <sup>6</sup> (U.S. utilities only)	27%	-
Percentage of job vacancies filled by persons with disabilities <sup>7</sup> (U.S. utilities only)	2%	-
Percentage of job vacancies filled by veterans <sup>8</sup> (U.S. utilities only)	8%	-

Notes:

The hypens (" - ") indicate either a new metric and/or data that is not available.

(1) An employee includes any individual who has a direct employment relationship with the company as of December 31<sup>st</sup> of the calendar year.

(2) An employee is considered management if they hold the position of Manager or Director.

(3) An employee is considered executive if they hold the position of Vice President, Senior Vice President, Executive Vice President or President/CEO.

(4) Voluntary turnover includes an employee who leaves the company voluntarily (e.g., willingly chooses to resign their position), but excludes seasonal temporary employment.

(5) Involuntary turnover includes an employee who leaves the company involuntarily (e.g., a position is terminated, an employee is dismissed or an employee dies).

(6) An employee is considered a minority if they represent other ethnic/race groups within a country/state/province that differ in ethnicity/race/origin from the dominant ethnic/race group.

(7) An employee is considered to have a disability if they have long-term physical, mental, intellectual or sensory impairments that may limit or restrict their movements, activities, or participation in the workplace.

(8) An employee is considered a veteran if they are a former member of the armed forces.

	2019	2018
<b>Benefits<sup>1</sup></b>		
Percentage of full-time employees that are eligible to receive Disability Coverage <sup>2</sup>	98.1%	98.0%
Percentage of full-time employees that are eligible to receive Employee and Family Assistance	100%	100%
Percentage of full-time employees that are eligible to participate in an Employee Stock Purchase Plan	99.6%	99.6%
Percentage of full-time employees that are eligible to receive Health Care Benefits <sup>2</sup>	100%	100%
Percentage of full-time employees that are eligible to receive Life Insurance <sup>2</sup>	100%	100%
Percentage of full-time employees that are eligible to participate in a Retirement Savings Plan	97.9%	97.7%
Percentage of full-time employees that are eligible to receive Wellness-related Perquisites <sup>3</sup>	100%	-
<b>Labour Management Relations</b>		
Total number of work stoppages	0	0
<b>Freedom of Association</b>		
Percentage of total workforce – unionized	52%	53%
<b>Remuneration</b>		
Percentage of full time employees whose basic salary is above the local minimum wage	100%	-
<b>Economic Value Distributed (\$M)</b>		
Costs paid for Energy Supply	2,520	2,495
Costs paid for Fleet, Materials and Services to top 10 suppliers at each utility	1,233	-
Costs paid for Finance Charges	1,035	974
Total amount paid to Shareholders in Dividends	793	731
Total amount paid in Employee Compensation	1,226	-
Total amount paid in Employee Payroll Taxes	368	-
Total amount paid in Property Taxes	376	-
Total amount paid in Carbon Taxes	267	-
Total amount paid in Excise/Sales Taxes	323	-
Other taxes paid	18	-
<b>Community Donations (\$M)</b>		
Arts & Culture	12	-
Biodiversity	0.7	-
Education	3.0	-
Environment & Safety	2.9	-
Health & Wellness	1.6	-
Small Businesses	0.4	-
Social Development	2.1	-
Other	0.4	-
	<b>Community Donations Total</b>	<b>13<sup>4</sup></b>

Notes:

The hypens (“-”) indicate either a new metric and/or data that is not available.

(1) The eligibility to receive these benefits may be dependent on completing a probation period, as applicable.

(2) Employee eligibility may be impacted by insurance coverage terms (e.g. age or health of an employee).

(3) Wellness-related perquisites include family leave, personal days-off, flexible working hours and location, or fitness/gym financial support.

(4) 2019 was the first year to breakdown community donations by category.

# Global Reporting Initiative ("GRI") Cross Reference

|| APPENDIX B ||



Information contained in this report and other Fortis disclosures have been cross referenced with the GRI reporting initiative content index below.

Disclosure	Page number(s) and/or URL(s)
<b>GRI 100 – Universal Standards</b>	
<b>GRI 102 – General Disclosures</b>	
<b>Organizational profile</b>	
102-1: Name of the organization	2019 Annual Information Form, Name and Incorporation (page 6)
102-2: Activities, brands, products, and services	2019 Annual Information Form, Description of the Business (page 8)
102-3: Location of headquarters	2019 Annual Information Form, Description of the Business (page 8)
102-4: Location of operations	2019 Annual Information Form, Description of the Business (page 8)
102-5: Ownership and legal form	2019 Annual Information Form, Name and Incorporation (page 6)
102-6: Markets served	2019 Annual Information Form, Description of the Business (page 8)
102-7: Scale of the organization	2019 Annual Information Form, Description of the Business (pages 8-9)
102-8: Information on employees and other workers	Appendix A – Key Performance Indicators Summary (page 58); 2019 Annual Information Form, Human Resources (page 25)
102-9: Supply chain	Appendix A – Key Performance Indicators Summary (page 58)
102-12: External initiatives	Advancing the United Nations Sustainable Development Goals (page 8)
<b>Strategy</b>	
102-14: Statement from senior decision-maker	A Message from Barry Perry, President and CEO (page 2)
102-15: Key impacts, risks, and opportunities	Appendix C – Disclosure Alignment with Recommendations of TCFD (page 73); Appendix D – Significant Sustainability Issues (page 78)
<b>Ethics and integrity</b>	
102-16: Values, principles, standards, and norms of behavior	Common Approach to Compliance (page 24); Core Policies Throughout the Fortis Group of Companies (page 24); A Fortis for Everyone – Inclusion and Diversity (page 50)
102-17: Mechanisms for advice and concerns about ethics	<a href="#">Code of Conduct</a>
<b>Governance</b>	
102-18: Governance structure	A Governance Structure Grounded in Independence (page 23); 2020 Management Information Circular, Board Committees (pages 28-30)
102-19: Delegating authority	A Governance Structure Grounded in Independence (page 23); 2020 Management Information Circular, Board Committees (pages 28-30)
102-20: Executive-level responsibility for economic, environmental, and social topics	2020 Management Information Circular, Sustainability (pages 36-37)
102-21: Consulting stakeholders on economic, environmental, and social topics	The Fortis Sustainability Commitment (pages 26-27) and Community Partnerships (page 55)
102-22: Composition of the highest governance body and its committees	2020 Management Information Circular, About the nominated directors (pages 15-30)
102-23: Chair of the highest governance body	2020 Management Information Circular, Director Profiles (pages 16-25)
102-24: Nominating and selecting the highest governance body	2020 Management Information Circular, Governance and nominating committee (page 30)
102-25: Conflicts of interest	<a href="#">Code of Conduct</a>
102-26: Role of highest governance body in setting purpose, values, and strategy	Board of Directors Mandate; 2020 Management Information Circular, Roles and Responsibilities (pages 34-37)
102-27: Collective knowledge of highest governance body	2020 Management Information Circular, Skills and experience (page 41)
102-28: Evaluating the highest governance body's performance	2020 Management Information Circular, Our expectations of directors (page 38) and Assessment (page 43)
102-29: Identifying and managing economic, environmental, and social impacts	Appendix C – Disclosure Alignment with Recommendations of TCFD (page 73); 2020 Management Information Circular, Roles and Responsibilities (pages 34-37)
102-30: Effectiveness of risk management processes	2019 Annual Report, Business Risks (pages 40-47); 2020 Management Information Circular, Roles and Responsibilities (pages 34-37)
102-31: Review of economic, environmental, and social impacts	2019 Annual Report, Business Risks (pages 40-47); 2020 Management Information Circular, Roles and Responsibilities (pages 34-37)
102-32: Highest governance body's role in sustainability reporting	2020 Management Information Circular, Sustainability (pages 36-37)

Disclosure	Page number(s) and/or URL(s)
102-33: Communicating critical concerns	<a href="#">Whistleblower Policy</a>
102-34: Nature and total number of critical concerns	<a href="#">Whistleblower Policy</a>
102-35: Remuneration policies	2020 Management Information Circular, Compensation Discussion and Analysis (pages 52-57)
102-36: Process for determining remuneration	2020 Management Information Circular, Compensation design and decision-making (pages 58-61)
102-37: Stakeholders' involvement in remuneration	2020 Management Information Circular, Have a say on executive pay (page 13)
<b>Stakeholder engagement</b>	
102-40: List of stakeholder groups	Community Partnerships (page 55)
102-41: Collective bargaining agreements	Appendix A – Key Performance Indicators Summary (page 58)
102-42: Identifying and selecting stakeholders	Community Partnerships (pages 55)
102-43: Approach to stakeholder engagement	Community Partnerships (pages 55); <a href="#">Shareholder Engagement Policy</a>
102-44: Key topics and concerns raised	Appendix D – Significant Sustainability Issues (page 78)
<b>Reporting practice</b>	
102-45: Entities included in the consolidated financial statements	2019 Annual Report, Business Unit Performance (page 25)
102-46: Defining report content and topic boundaries	Our Approach to Sustainability Reporting (page 7)
102-47: List of material topics	Appendix D – Significant Sustainability Issues (page 78)
102-48: Restatements of information	Appendix A – Key Performance Indicators Summary (page 58)
102-49: Changes in reporting	New Additions to Our Reporting (page 9)
102-50: Reporting period	This report provides information up to and including the 2019 calendar year
102-51: Date of most recent report	Cover page
102-52: Reporting cycle	Fortis plans to report its sustainability key performance indicators annually and produce a sustainability report every two years.
102-53: Contact point for questions regarding the report	Contact Us (page 81)
102-55: GRI content index	Appendix B – GRI Cross Reference (page 68)
<b>GRI 103 – Management Approach</b>	
103-1: Explanation of the material topic and its boundary	Appendix C – Disclosure Alignment with Recommendations of TCFD (page 73); Appendix D – Significant Sustainability Issues (page 78); and 2019 Annual Report, Business Risks (pages 40-47)
103-2: Management approach and its components	Appendix C – Disclosure Alignment with Recommendations of TCFD (page 73); Appendix D – Significant Sustainability Issues (page 78) and 2019 Annual Report, Business Risks (pages 40-47)
103-3: Evaluation of the management approach	Appendix C – Disclosure Alignment with Recommendations of TCFD (page 73); Appendix D – Significant Sustainability Issues (page 78) and 2019 Annual Report, Business Risks (pages 40-47)
<b>GRI 200 – Economic Standard Series</b>	
<b>GRI 201 – Economic Performance</b>	
201-1: Direct economic value generated and distributed	Appendix A – Key Performance Indicators Summary (page 58)
201-2: Financial implications and other risks and opportunities due to climate change	Appendix C – Disclosure Alignment with Recommendations of TCFD (page 73)
201-3: Defined benefit plan obligations and other retirement plans	2019 Annual Report, Employee Future Benefits (pages 49-50)
<b>GRI 202 – Market Presence</b>	
202-1: Ratios of standard entry level wage by gender compared to local minimum wage	Appendix A – Key Performance Indicators Summary (page 58)
<b>GRI 203 – Indirect Economic Impacts</b>	
203-1: Infrastructure investments and services supported	Capital Plan Mainly Focused on Resiliency and Delivery of Cleaner Energy (pages 12-14) and Appendix A – Key Performance Indicators Summary (page 58)
203-2: Significant indirect economic impacts	Appendix A – Key Performance Indicators Summary (page 58)
<b>GRI 205 – Anti-Corruption</b>	
205-1: Operations assessed for risks related to corruption	<a href="#">Anti-Corruption Policy</a> and <a href="#">Code of Conduct</a>
205-2: Communication and training about anti-corruption policies and procedures	A Governance Structure Grounded in Independence (page 23); 2019 Annual Information Form, Social and Environmental Policies (pages 27-28)

Disclosure	Page number(s) and/or URL(s)
<b>GRI 206 – Anti-Competitive Behavior</b>	
206-1: Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2019 Annual Information Form, Legal Proceedings and Regulatory Actions (page 26)
<b>GRI 207 – Tax</b>	
207-4: Country-by-country reporting	2019 Annual Report; Appendix A – Key Performance Indicators Summary (page 58)
<b>GRI 300 – Environmental Standards Series</b>	
<b>GRI 301 – Materials</b>	
301-1: Materials used by weight or volume	Appendix A – Key Performance Indicators Summary (page 58)
301-2: Recycled input materials used	Appendix A – Key Performance Indicators Summary (page 58)
<b>GRI 302 – Energy</b>	
302-2: Energy consumption outside of the organization	Appendix A – Key Performance Indicators Summary (page 58)
302-3: Energy intensity	Appendix A – Key Performance Indicators Summary (page 58)
302-4: Reduction of energy consumption	Appendix A – Key Performance Indicators Summary (page 58)
302-5: Reductions in energy requirements of products and services	Appendix A – Key Performance Indicators Summary (page 58)
<b>GRI 303 – Water</b>	
303-1: Water withdrawal by source	Water Management (page 43) and Appendix A – Key Performance Indicators Summary (page 58)
303-3: Water recycled and reused	Water Management (page 43) and Appendix A – Key Performance Indicators Summary (page 58)
<b>GRI 304 – Biodiversity</b>	
304-2: Significant impacts of activities, products, and services on biodiversity	Promoting Biodiversity at Fortis Utilities (pages 40-42)
304-3: Habitats protected or restored	Promoting Biodiversity at Fortis Utilities (pages 40-42)
<b>GRI 305 – Emissions</b>	
305-1: Direct (Scope 1) GHG emissions	Decreasing Scope 1 GHG Emissions Related to Coal-Fired Electricity Generation (page 29) and Appendix A – Key Performance Indicators Summary (page 58)
305-2: Energy indirect (Scope 2) GHG emissions	Supporting Carbon Reduction Across Fortis Utilities (pages 36) and Appendix A – Key Performance Indicators Summary (page 58)
305-3: Other indirect (Scope 3) GHG emissions	Supporting Carbon Reduction Across Fortis Utilities (pages 36), Taking Action to Decrease Carbon Emissions in the Transportation Sector (pages 37-39) and Appendix A – Key Performance Indicators Summary (page 58)
305-4: GHG emissions intensity	Appendix A – Key Performance Indicators Summary (page 58)
305-5: Reduction of GHG emissions	TEP and FortisBC's Carbon Reduction Targets (pages 30-35) and Appendix A – Key Performance Indicators Summary (page 58)
305-7: Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Appendix A – Key Performance Indicators Summary (page 58)
<b>GRI 306 – Effluents and Waste</b>	
306-2: Waste by type and disposal method	Waste Management (page 44) and Appendix A – Key Performance Indicators Summary (page 58)
306-3: Significant spills	Appendix A – Key Performance Indicators Summary (page 58)
306-4: Transport of hazardous waste	Waste Management (page 44) and Appendix A – Key Performance Indicators Summary (page 58)
<b>GRI 307 – Environmental Compliance</b>	
307-1: Non-compliance with environmental laws and regulations	Appendix A – Key Performance Indicators Summary (page 58)
<b>GRI 400 – Social Standards Series</b>	
<b>GRI 401 – Employment</b>	
401-1: New employee hires and employee turnover	Appendix A – Key Performance Indicators Summary (page 58)
401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	Appendix A – Key Performance Indicators Summary (page 58)
<b>GRI 403 – Occupational Health and Safety</b>	
403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	An Industry Leader in Safety and Reliability (pages 16-19) and Appendix A – Key Performance Indicators Summary (page 58)

Disclosure	Page number(s) and/or URL(s)
<b>GRI 404 – Training and Education</b>	
404-2: Programs for upgrading employee skills and transition assistance programs	Providing the Skills and Knowledge for Success (page 49)
404-3: Percentage of employees receiving regular performance and career development reviews	Providing the Skills and Knowledge for Success (page 49)
<b>GRI 405 – Diversity and Equal Opportunity</b>	
405-1: Diversity of governance bodies and employees	A Fortis for Everyone – Inclusion and Diversity (page 50) and Appendix A – Key Performance Indicators Summary (page 58)
<b>GRI 407 – Freedom of Association and Collective Bargaining</b>	
407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Constructive Union Relations (page 49)
<b>GRI 408 – Child Labor</b>	
408-1: Operations and suppliers at significant risk for incidents of child labor	<a href="#">Code of Conduct</a>
<b>GRI 409 – Forced or Compulsory Labor</b>	
409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labor	<a href="#">Code of Conduct</a>
<b>GRI 410 – Security Practices</b>	
410-1: Security personnel trained in human rights policies or procedures	<a href="#">Code of Conduct</a>
<b>GRI 411 – Rights of Indigenous Peoples</b>	
411-1: Incidents of violations involving rights of indigenous peoples	<a href="#">Code of Conduct</a>
<b>GRI 412 – Human Rights Assessment</b>	
412-2: Employee training on human rights policies or procedures	<a href="#">Code of Conduct</a>
<b>GRI 413 – Local Communities</b>	
413-1: Operations with local community engagement, impact assessments, and development programs	Community Partnerships (pages 55-56) and Community Investment (page 57)
<b>GRI 416 – Customer Health and Safety</b>	
416-1: Assessment of the health and safety impacts of product and service categories	An Industry Leader in Safety and Reliability (pages 16-19)
<b>GRI 417 – Marketing and Labeling</b>	
417-1: Requirements for product and service information and labelling	Supporting Carbon Reduction Across Fortis Utilities (page 36), Taking Action to Decrease Carbon Emissions in the Transportation Sector (pages 37-39) and Appendix A – Key Performance Indicators Summary (page 58)
<b>GRI 418 – Customer Privacy</b>	
418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	Appendix A – Key Performance Indicators Summary (page 58)



# Disclosure Alignment with Recommendations of Task Force on Climate-Related Financial Disclosures

|| APPENDIX C ||

Climate-related disclosures have been integrated throughout this report and other documents. A summary of our alignment with TCFD recommendations follows:

#### Disclosure Alignment Recommendations of TCFD

**GOVERNANCE** – The Fortis Inc. Board of Directors (“Board”) and management acknowledge the critical importance of good governance practices in the proper conduct of our affairs, including sustainability and climate-related risks. We routinely review our governance framework against evolving best practices to ensure we maintain our high governance standards.

##### Board Oversight

- The Board is responsible for the stewardship of Fortis. Climate risk is a subset of the responsibilities for which the Board of Directors has stewardship responsibility. The Board engages with shareholders on climate risk and opportunities as part of its sustainability discussions in accordance with its Shareholder Engagement Policy.
- The Board’s Governance and Nominating Committee provides oversight of environmental and social matters, including climate-related risks and opportunities. It receives a report on sustainability, including climate-related matters, at each regularly scheduled meeting.
- The Audit Committee of the Board is responsible for the oversight of the Fortis Enterprise Risk Management (“ERM”) program, which involves the consideration of climate-related risks and opportunities.
- Each Fortis utility is governed by its own board of directors, most of which are comprised of a majority of directors who are independent of Fortis. Climate risks and opportunities are assessed for each subsidiary by its Board and material risks identified are communicated to Fortis management to form part of the Fortis risk assessment.

##### Management’s Role

- Fortis President and CEO is responsible for the long-term strategy and success of Fortis. A focus on cleaner energy is a key component of the Fortis strategy.
- Fortis Executive Vice President, Sustainability and Chief Human Resource Officer reports directly to the President and CEO and is responsible for enterprise-wide sustainability and stewardship at the executive level.
- The Chief Operating Officer is responsible for ensuring Fortis utilities are focused on sustainability. This includes managing climate-related risks as well as remaining at the forefront of industry trends and customer expectations.
- The Fortis Sustainability Working Group comprises key leaders from across the Fortis group of companies. It provides guidance on the approach to sustainability and reporting practices, including climate-related issues.
- Management at each of the utilities is responsible for implementing the Fortis sustainability strategy and operationalizing aspects of sustainability, including climate-related matters.
- Climate-related risks are monitored regularly and form part of the annual ERM assessment at Fortis and each of its utilities.
- Sustainability performance impacts how Fortis executives are compensated. Performance in the core areas of system reliability and safety is linked to incentive compensation for all Fortis executives. System reliability is becoming increasingly impacted by climate-related events.

Disclosure Alignment with TCFD Recommendations

**STRATEGY** – The risks and opportunities of climate change have influenced Fortis business objectives as well as short- and long-term strategies. Climate-related considerations have led Fortis to focus on accelerating carbon reduction by delivering cleaner energy to our customers.

- A changing climate has potential regulatory, operational and reputational impacts to the business. Management of climate-related risks is integrated into the overall approach to risk (additional details are provided in the "Risk Management" section below). Climate-related risks vary from near to longer term and are considered in planning capital investments.
- The Fortis strategy includes a stated goal of delivering cleaner energy to customers to create a more sustainable future. Our five-year capital plan supports cleaner energy through investments in renewables, natural gas for transportation, grid resiliency and innovative technology.
- Fortis is focused on reducing GHG emissions by transitioning from fossil-fuel based generation to renewables, increasing the delivery of renewable natural gas, decreasing emissions in the transportation sector and helping customers to improve energy efficiency. Two of the largest Fortis utilities have set GHG reduction targets (see pages 30-35 of this report for details).
- The physical risks and opportunities associated with climate change include severe weather events, changing air temperatures and seasonal variations. Investing in the resiliency of infrastructure is increasingly important as more frequent extreme weather conditions are experienced due to climate change. Without such resiliency investments, these events may lead to increased stress placed on the energy system and potential service interruptions for our customers. Approximately half of the 2019 and 2020 capital spending is focused on resiliency and modernization of our transmission, distribution and generation assets.

**Climate-Related Risks**

- Fortis utilities are subject to rules and regulations. Failure to comply with regulatory requirements aimed at limiting GHG emissions could subject Fortis utilities to substantial penalties and fines. Exposure to this risk is limited by our strategy to transition to a cleaner energy future.

- Climate change will lead to increased physical risks associated with more frequent and intense weather, changing air temperatures and seasonal variations. This could lead to service disruption, increased repair, replacement and operational costs, increased costs associated with strengthened design standards and systems, and increased environmental liability associated with equipment damage/malfunction. Fortis manages these risks by strengthening infrastructure to ensure continued and enhanced performance, reliability and safety of our assets.
- Fortis meets stakeholder expectations to limit the impacts of climate change by operating safely and efficiently, setting GHG-reduction goals and developing new technologies to support a lower-carbon future, including the use of renewable natural gas, hydrogen and energy storage.
- The applicability of these risks varies depending on the specifics of each utility's operations and geographical location.

**Climate-Related Opportunities**

Climate change is predicted to lead to opportunities for more resilient and cleaner energy delivery systems and to drive innovative approaches and solutions. This may be achieved through strengthened design standards and systems as well as system back up in the event of service interruption. Opportunities also exist in terms of customer engagement as we focus on delivering cleaner energy solutions. Our five-year capital plan is focused on investments that:

- ensure continued and enhanced performance, reliability and safety of our generation, transmission and distribution assets
- reduce air emissions, water usage and increase customer efficiency and energy storage
- focus on investments in technology that will transform the energy industry and accelerate the transition to cleaner energy

Disclosure Alignment with TCFD Recommendations

**RISK MANAGEMENT** – Fortis has an ERM process established to help identify, assess and manage risks, including climate-related risks.

**Identifying & Managing Climate-Related Risks**

- The Fortis Board is responsible for oversight of the material risks of the business. It also ensures that management has an effective risk management system and risk mitigation strategies in place relative to its risk profile.
- The Audit Committee of the Board oversees the Fortis ERM program and ensures strategic objectives of the program are achieved. Senior management at Fortis and the utilities seek to identify and manage all material risks facing the business by applying a common risk management framework.
- Enterprise-wide sustainability issues are included in the Fortis ERM process and are integrated into the annual business strategy process for consideration by the Fortis executive and Board.
- The Fortis Sustainability Working Group supports the risk management practices of Fortis by providing guidance on the approach to sustainability and related material risks, including climate-related risks.

Each Fortis subsidiary is governed by its own Board of Directors:

- This structure provides a primary level of risk management oversight and governance with additional guidance provided by Fortis policies and best practices.
- Each Fortis subsidiary Board has a structure to identify, assess and manage risks within its business. An ERM process involves identifying risks and opportunities, including climate-related matters. Subsidiary boards are primarily responsible for oversight of their respective ERM process. Material risks identified are communicated to Fortis management to form part of the Fortis ERM program.

Climate-related risks are mitigated by investing in our transmission, distribution and generation assets to ensure the continued and enhanced performance, reliability and safety. Fortis energy delivery systems are designed to perform under extreme weather and are regularly maintained, improved and replaced.

- Climate-related technology risks are managed through pilot-testing, adopting and offering new technology such as: renewable energy sources; energy-efficient appliances; battery storage; and automated control systems.
- Climate-related policy and regulatory risks are managed through maintaining constructive government and regulatory relationships.

## Disclosure Alignment with TCFD Recommendations

**METRICS & TARGETS** – Fortis reports year-over-year performance in many areas related to climate change, such as GHG emissions, environmental compliance and water use. These metrics are used to inform climate-related risks and opportunities.

## Climate-Related Metrics &amp; Targets

- Climate-related metrics outlined in Appendix A are used to support the assessment of climate-related risks and related opportunities. Fortis has added sustainability metrics each year to improve climate-related disclosure. New metrics added to this report are outlined on page 9.
- The Fortis strategy includes the goal of delivering cleaner energy to customers to create a more sustainable future. As this strategy is executed, we are focused on reducing GHG emissions by transitioning from fossil-fuel based generation to renewables, increasing the delivery of RNG, decreasing emissions in the transportation sector and helping customers to improve energy efficiency.
- New in this report is a breakdown of 2019 actual and 2020 forecast capital spending. The majority of the 2019 \$3.8 billion capital plan and the 2020 forecast is focused on cleaner energy, resiliency and modernization. Our five-year capital plan supports cleaner energy through investments in renewables, natural gas for transportation, grid resiliency and innovative technology.
- TEP is the most significant contributor to Scope 1 emissions within the Fortis group of companies. Over the last five years, the utility has achieved consistent year over year decreases in Scope 1 GHG emissions associated with coal-fired electricity generation. The utility recently announced a new target to reduce carbon emissions by 80% by 2035. Upon the retirement of its remaining coal-fired electricity generation in 2032, TEP, as well as Fortis, will have a coal-free generation mix. See pages 30-33 of this report for additional details.
- FortisBC has also set a target to reduce GHG emissions associated with customer energy use by 30% by 2030. This is one of the most ambitious targets in the Canadian utility sector and also includes a goal for 15% of its gas supply to be renewable by 2030. See pages 34-35 of this report for details.

Additional information on the disclosures noted above can be found in our:

[Annual Report](#)

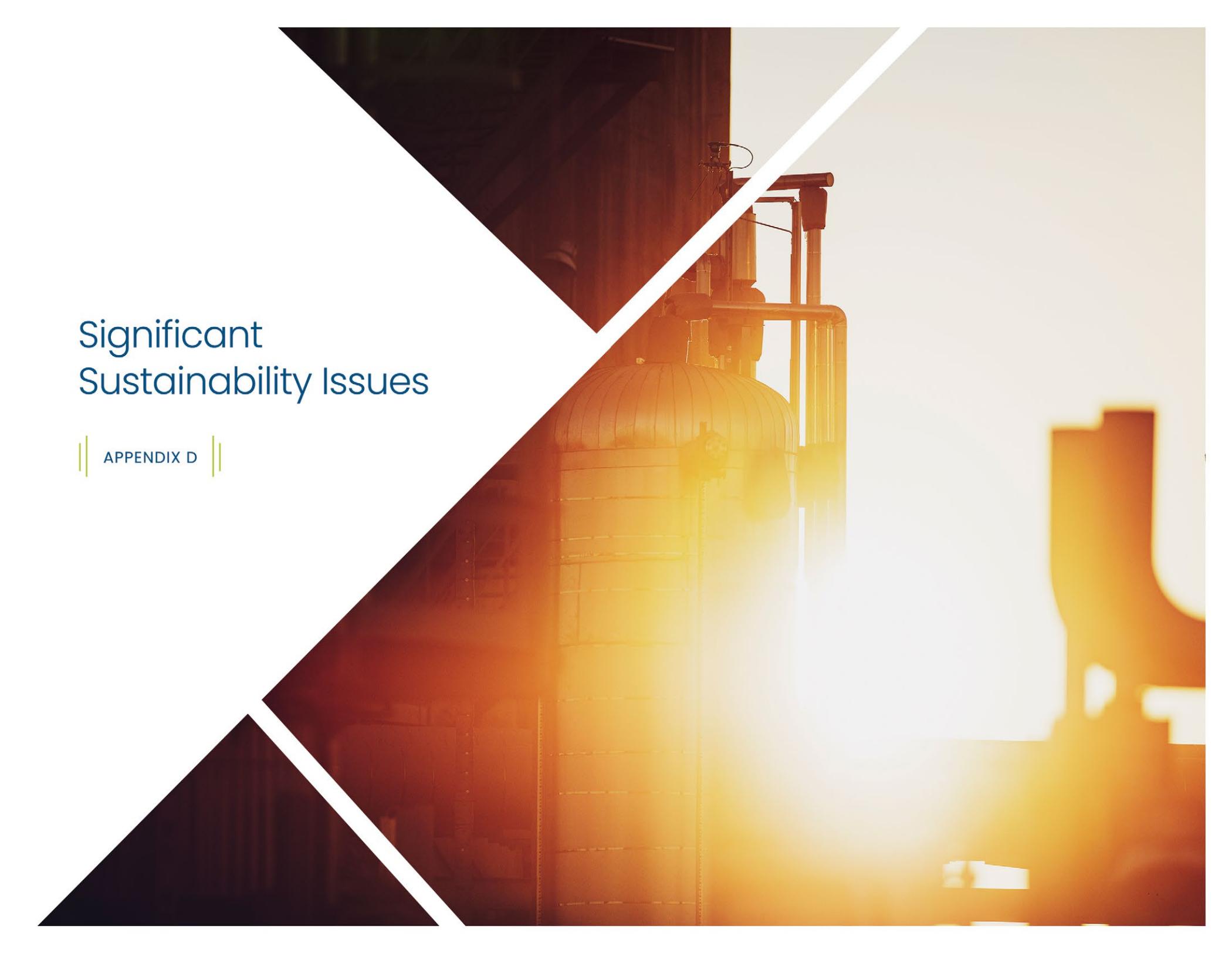
[Management Information Circular](#)

[Annual Information Form](#)

[Committee Mandates](#)

[Fortis Policies](#)

These documents are available at [fortisinc.com](https://www.fortisinc.com)



# Significant Sustainability Issues

|| APPENDIX D ||

The following issues and topics were identified as significant to stakeholders, Fortis and its utilities:

### Environment

- The shift to a low-carbon economy, cleaner fuels and resilience in the supply mix
- GHG emissions of our operations
- Carbon pricing/trading
- Physical adaptation to climate change – resilience to extreme weather
- Other air emissions (other combustion emissions and sulphur hexafluoride, mercury)
- Water use and availability
- Water discharge quality/water impacts (routine operations)
- Waste quantity and hazardous wastes (routine operations)
- Land-use and biodiversity impacts (routine operations – new projects)
- Accidental releases and spills, and management of past contamination
- Energy efficiency of operations
- Energy demand reduction/efficiency programs for customers

### Corporate Leadership and Governance

- Board structure and oversight of operations
- Management approach to sustainability issues and risk management
- Anti-corruption, anti-competitive behaviour and business ethics
- Executive remuneration
- Lobbying activity or other political influence

- Compliance/violations to laws and regulations
- Engagement with shareholders
- Procurement practices and resilience of the supply chain
- Pandemic planning and continuity of service

### Our People and Communities

- Safety of employees, customers and operations/infrastructure
- Workplace human rights (anti-discrimination, anti-harassment policies)
- Talent development and retention
- Labour conditions (freedom to associate, decent work, child labour)
- Diversity (multiple aspects) in the workforce, in senior management, and on the Board
- Reliability of energy supplied
- Affordability of energy supplied
- Cybersecurity and physical security of assets
- Customer satisfaction
- Community involvement (volunteering, sponsorships, donations)
- Community engagement with affected communities including local hiring policies and Aboriginal relations
- Community support to workers affected by the energy transition

## Forward-Looking Information

Fortis includes forward-looking information in this sustainability report within the meaning of applicable Canadian securities laws and forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (collectively referred to as "forward-looking information"). Forward-looking information reflects expectations of Fortis management regarding future growth, results of operations, performance and business prospects and opportunities. Wherever possible, words such as anticipates, believes, budgets, could, estimates, expects, forecasts, intends, may, might, plans, projects, schedule, should, target, will, would and the negative of these terms and other similar terminology or expressions have been used to identify the forward-looking information, which includes, without limitation: forecast 2020 capital expenditures; TEP's carbon emission reduction target, 2035 generation mix, coal-fired generation retirements and associated benefits; FortisBC's 2030 GHG emission and renewable gas targets; targeted average annual dividend growth through 2024; the nature, timing, benefits and costs of certain capital projects including, without limitation, the Wataynikaneyap Transmission Power Project, Oso Grande Wind Project, Lower Mainland Intermediate Pressure System Upgrade, battery storage project at CUC, solar project at FortisTCI and additional projects beyond the capital plan; the planned deployment of DCFC charging stations at FortisBC; and energy efficiency expenditures at FortisBC.

Forward-looking information involves significant risks, uncertainties and assumptions. Certain material factors or assumptions have been applied in drawing the conclusions contained in the forward-looking information. These factors or assumptions are subject to inherent risks and uncertainties surrounding future expectations generally, including those identified from time to time in the forward-looking information. Such assumptions include, but are not limited to: no material impact from the COVID-19 pandemic; reasonable outcomes for regulatory proceedings and the expectation of regulatory stability; the successful execution of the five-year capital expenditure plan; no material capital project or financing cost overruns; sufficient human resources to deliver service and execute the capital expenditure plan; no significant variability in interest rates; continuation of power supply and capacity purchase contracts; and no significant changes in government energy plans, environmental laws and regulations that could have a material negative impact. Fortis cautions readers that a number of factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking information. These factors should be considered carefully and undue reliance should not be placed on the forward-looking information. For additional information with respect to certain of these risks or factors, reference should be made to the continuous disclosure materials filed from time to time by the Corporation with Canadian securities regulatory authorities and the Securities and Exchange Commission. All forward-looking information herein is given as of the date of this report. Fortis disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

Acronym	Definition
AIFR	All-Injury Frequency Rate
BC	British Columbia
BCCGA	British Columbia Common Ground Alliance
CCR	Coal-Combustion Residuals
CRMP	Cybersecurity Risk Management Program
CUC	Caribbean Utilities Company Ltd. (a Fortis company)
DCFC	Direct Current Fast Charging
EDC	Employee Development Centre
EIP	Energy Impact Partners
ERM	Enterprise Risk Management
EV	Electric Vehicle
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
GWh	Gigawatt hours
IRP	Integrated Resource Plan
ITC	ITC Holdings Corp. (a Fortis company)
LNG	Liquified Natural Gas
MW	Megawatts
PJ	Petajoules
RNG	Renewable Natural Gas
SAIDI	System Average Interruption Duration Index
T&D	Transmission and Distribution
TCFD	Task Force on Climate-Related Financial Disclosures
TEP	Tucson Electric Power Company (a Fortis company)
WHC	Wildlife Habitat Council

## Contact Us

### Executive Contacts

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Nora Duke, Executive Vice President, Sustainability  
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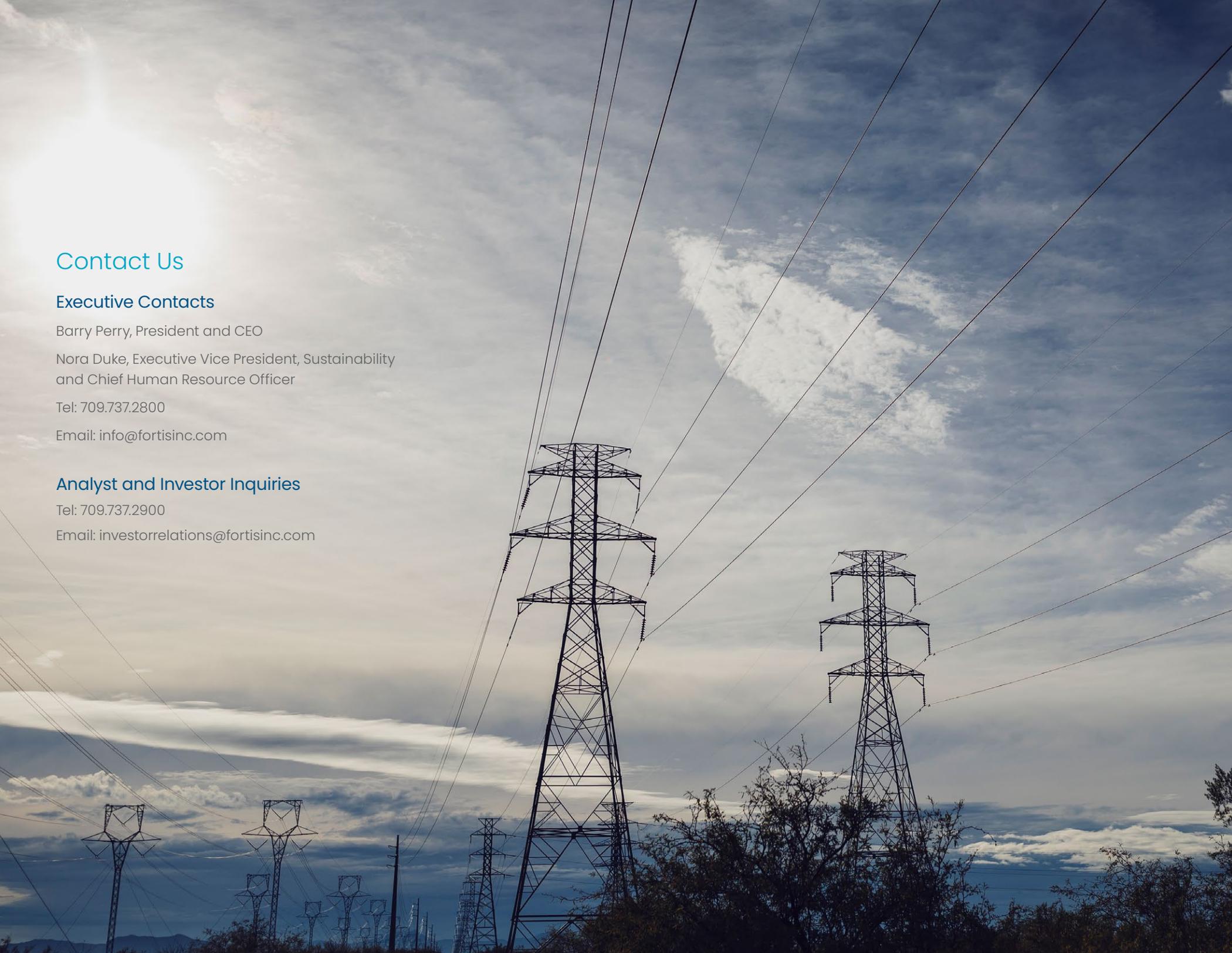
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