

Sustainability is not  
something we do.

It's how  
we do  
everything.



# This is who we are.

At Fortis, sustainability is much more than a task or a buzzword. It is the core of our operations, in every way. Take some time to read this report and you'll see...sustainability is simply how we do everything at Fortis. It's just who we are.

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## Forward-Looking Information

Fortis Inc. ("Fortis" or the "Corporation") includes "forward-looking information" in this report within the meaning of applicable Canadian securities laws and "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, collectively referred to as "forward-looking information". Forward-looking information included in this report 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: the nature, timing, costs and expected benefits of certain capital projects including, without limitation, the Wataynikaneyap Power Project; statements related to Tucson Electric Power Company's renewable generation targets, including the timing of and benefits associated with planned coal generation retirements and installation of wind and solar resources; and the Corporation's forecast capital expenditures for 2018.

Forward-looking information involves significant risk, 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 risk factors or assumptions include but are not limited to: the implementation of the Corporation's five-year capital investment plan; no material capital project and financing cost overrun related to any of the Corporation's capital projects; sufficient human resources to deliver service and execute the capital program; the realization of additional opportunities; and reasonable decisions by utility regulators and the expectation of regulatory stability. 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. The forward-looking information in this presentation is given as of the date of this report and 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.

**Unless otherwise specified, all financial information referenced is in Canadian dollars.**

## Walking the Walk

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### Sustainability in Action

At Fortis, we pride ourselves on being a reliable and safe energy provider for our customers. We also strive to be an **energy partner**. Increasingly customers want to use cleaner energy. They want to know where their energy comes from. Our goal is to deliver on these customer expectations. Sustainability has always been important to us. That's why our commitment to sustainable practices has remained front and centre over our 130+ years of serving communities and in the decisions we have made while growing throughout North America.

We've taken several steps to further strengthen our commitment to sustainability this past year. The Governance and Nominating Committee of our Board of Directors began overseeing corporate

citizenship, environmental and social responsibility programs. We also adopted a board-shareholder engagement policy to facilitate communication and engagement with shareholders and we held our inaugural board-shareholder engagement meeting with 11 of our largest shareholders. In addition, in late 2017, Nora Duke, Executive Vice President, assumed responsibility for sustainability. Together, these moves have brought focus and accountability to sustainability activities within our corporation.

Fortis is mainly an **energy delivery** company. We use our poles and wires and natural gas lines to deliver electricity and natural gas respectively to our customers. This naturally limits our impact on the environment when compared with energy generation intensive businesses. Our utilities are operated locally



on a substantially independent basis. They all share a belief in responsible management that is good for the planet, business and our customers.

We are pleased to report that the carbon intensity of Fortis operations has decreased by 63% since 2015. This decrease is largely related to our acquisition of a large electricity transmission system in the U.S. Midwest in 2016. Since that time, as part of our sustainability efforts, we have also introduced natural gas for transportation programs and kick-started a large electricity transmission project in Ontario to connect First Nations communities to the grid for the first time. The project known as the Wataynikaneyap Power Project will also create a viable business for the benefit of communities for generations to come. Additionally we have advanced talent management

programs and invested millions of dollars in our communities. Fortis is committed to reducing our environmental footprint, strengthening governance, enhancing the lives of our people and improving the communities where we live and work. We are proud of the steps we have taken to elevate our sustainability efforts as we remain focused on delivering **cleaner energy** to our customers.

For Fortis, sustainability is how we do everything. That's true now more than ever.

Sincerely,

**Barry V. Perry**

President and Chief Executive Officer, Fortis Inc.



## Our Sustainability Story

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Fortis is pleased to present its first sustainability report covering our ten utility operations throughout North America. The report contains information and data on the environment, governance, customers, our people and community engagement.

It follows the publication of three Environmental Reports, one issued in 2016 and two issued in 2017 and meets our goal of providing more insight into our entire range of sustainability practices and beliefs.

Sharing information on what we do and how we do it at Fortis is a priority. With the help of internal





sustainability leaders and advice from stakeholders including customers, investors and experts in the field, we are focusing on those issues most significant to our business and most important to you.

This report is based on best practices in our industry. We've also included references to other useful reporting mechanisms and we've updated our environment reporting using the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. Over time, we will provide even more perspective on the advances we are making on the sustainability front.

Our team is proud to share our story of responsible corporate citizenship. We are mindful of how we conduct our business, and how we care for our employees, our customers and the communities in which we live and work.

Sincerely,

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

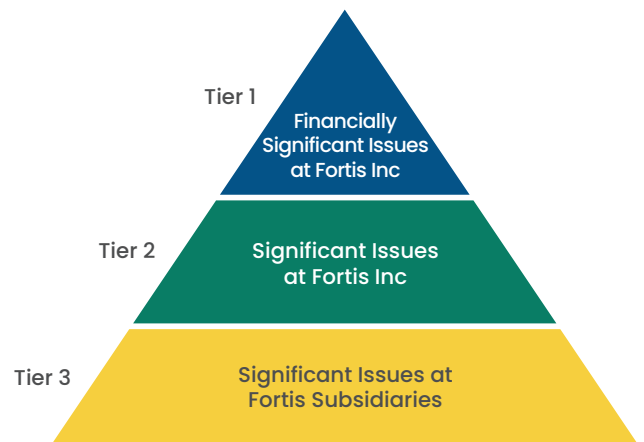
**Nora M. Duke**

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

# Let's talk transparency.

## Our New Reporting Practice

As we reviewed our sustainability reporting strategy in 2018, we benchmarked the reporting practices of our industry peers. We analyzed information disclosed through various sustainability and climate change frameworks as well as that requested of Fortis by investors and other parties. We considered the structure and reporting principles suggested by the Global Reporting Initiative ("GRI") Standards (see Appendix B for Cross Reference) and the recommendations flowing from the Task Force on Climate-Related Financial Disclosures ("TCFD") regarding disclosure of governance, strategy, risks and metrics. Finally, we assessed the significance of the topics for our Corporation versus those more closely associated with our subsidiaries and what to include in our different reports. The following illustration depicts this approach.



The sustainability issues we felt were significant to our stakeholders and to the business at the Fortis group level are listed in Appendix C.

From this review you will notice several advancements related to reporting, including adoption of the Greenhouse Gas ("GHG") Protocol Corporate Accounting and Reporting Standard and better delineated Scope 1 and Scope 2 emissions (see Appendix A, page 63).

Please use this report for comparative purposes going forward. The data contained in this report covers the 2017 calendar year and all financial information is presented in Canadian dollars unless otherwise stated. Information on current initiatives and programs includes 2018 references.

Fortis discloses information in several different forms. While you are reading our first sustainability report, you will also find relevant information in our:

- [Annual Report](#)
- [Management Information Circular](#)
- [Annual Information Form](#)
- At: [www.fortisinc.com](http://www.fortisinc.com)
- At Fortis utility websites found on page 70.

Fortis plans to report annually our sustainability key performance indicators and produce a sustainability report every two years.

## Providing More Information on Environmental Performance

Most Fortis utilities are electricity or natural gas distributors, a small number generate electricity, and some do both. ITC, our largest company, focuses solely on the transmission of electricity. Given the diversity of our operations, we took care to capture information that focuses on our role in energy delivery.

We have made significant strides in the amount of environmental information we report, and how it is reported. Early in 2018, we developed a corporate inventory of GHG emissions, categorizing the emissions in accordance with the World Resources Institute and World Business Council for Sustainable Development GHG Protocol Corporate Accounting and Reporting Standard.

As this is the first year we have used the GHG Protocol Corporate Accounting and Reporting Standard, it is recommended that the historical data contained in **this report** be used for comparison purposes. A table of all key performance indicators and historical data using the new reporting protocol can be found in Appendix A on page 63.

In addition, two Fortis utilities, UNS Energy and Central Hudson, have used the recently-launched Edison Electric Institute's ("EEI") industry-wide environmental, social, governance and sustainability reporting template to provide sustainability data to investors and customers:

- [Central Hudson EEI Sustainability Template](#)
- [UNS Energy EEI Sustainability Template](#)

Our reporting has one goal — to provide our shareholders, customers and stakeholders with the information they need to understand our sustainability strategy and actions.

# Ten utilities. One strong company.



**FORTIS**

**Quick Facts**

Based in  
**St. John's**  
Newfoundland &  
Labrador

**10** utility  
**operations**  
in Canada, the U.S.  
and the Caribbean

**8,500+**  
**employees**  
**strong**

**\$50**  
**billion**  
in total assets

**2** million  
electric utility  
customers

**1.3**  
**million**  
gas utility  
customers

This map says a lot about our business.

Our geographic and jurisdictional footprint is broad. Our more than 8,500 employees serve utility customers in five Canadian provinces, nine U.S. states and three Caribbean countries. We work with regulators in 17 jurisdictions across North America covering 97% of our assets, to deliver safe, reliable, cleaner and affordable energy to our customers.

The combination of our geographic diversity and concentration on regulated assets make Fortis one of the lowest-risk utility businesses in North America. Here's a look at the value we return to our shareholders:

- 2017 marked 44 consecutive years of annual common share dividend payment increases – one of the longest records for a Canadian public corporation.

- We have consistently outperformed in our sector. Our ten-year cumulative total return of 132% at the end of 2017 was approximately 60% higher than the performance of the S&P/TSX Capped Utilities, and 74% higher than the performance of S&P/TSX Composite Indices.
- In 2017 Fortis reached over \$1 billion in adjusted net earnings<sup>1</sup>, a first in our history.

Our recent history has been marked by strong growth, with a doubling of our size in the last five years. We achieved this growth by successfully completing three acquisitions of regulated utilities in the U.S. Fortis is now one of the top 15 utilities in North America when ranked by enterprise value.

<sup>1</sup> Non-GAAP measure.

## Fortis – an energy *delivery* company

Our business is focused on energy delivery with **92% of our assets dedicated to energy delivery**. We take energy and move it along the electricity grid or through natural gas lines and deliver it to our customers.

Transmission and distribution of energy is our primary business.

Having strong, reliable infrastructure, and adapting our systems to deliver energy more efficiently and to facilitate more renewable energy on the grid are ways we help create a lower-carbon economy and deliver on our customer expectations. True to our business focus on transmitting and distributing energy, we delivered **19 times** more energy to our customers than we generated in 2017<sup>2</sup>.

<sup>2</sup> Includes natural gas and electricity deliveries.

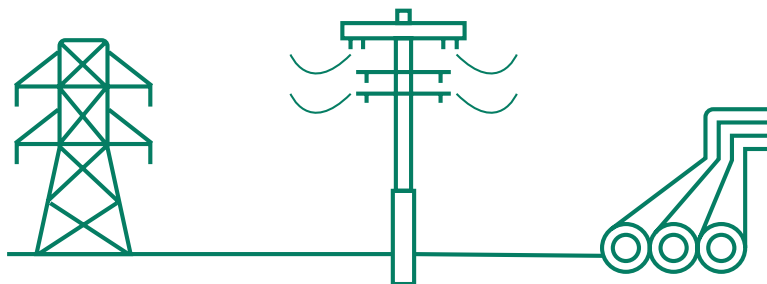


## We own a small amount of generation.

While fossil fuel-based generation is a small part of our business, that doesn't lessen our commitment to reducing carbon emissions. Later in this report you'll read how Tucson Electric Power, the primary

producer of fossil fuel-based generation at Fortis, is increasing its focus on renewables and reducing its carbon emissions.

**92%**  
of our assets are  
electricity poles,  
wires and natural  
gas lines.



**8%** of our assets are generation:

- 5% fossil fuel-based generation
- 3% renewable generation



Staying strong  
by staying  
local.





## Our unique way of operating.

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Our way of operating is simple and centred on one key principle – we keep our utilities **local** in every sense of the word.

There's no big head office running our utilities. Our utility Boards and leadership teams are local, empowering each business to do what's best for the customers and the communities where they operate.

Each utility operates as a separate business, with operations tailored to the local environment, supported by broad oversight from Fortis. In keeping with our model, plans, targets and activities related to sustainability are developed and implemented by our operating utilities. At the parent company level, we provide strategic oversight of sustainability and facilitate the sharing of best practices and priorities throughout our utilities.

### *How We Operate is a Key Strength of Fortis*

This way of operating has been a critical success factor for Fortis. Why is our model successful? Again, it's simple - it empowers Fortis utilities to have the decision-making authority to run their businesses in the best interests of customers, while working closely with regulators. Everything is kept close to our customers, resulting in strong relationships and service.

While Fortis utilities are independent, they also have the strength of our group of utilities fully behind them. When Hurricane Irma struck the Turks and Caicos Islands, knocking out FortisTCl's electricity system, over 250 employees and contractors across the Fortis family of utilities answered the call and restored power in less than 60 days.



**Sustainability  
across the board.**

## Our Governance

Our way of operating relies on strong governance.

The Fortis Board of Directors' role is primarily to ensure effective leadership and provide oversight in several key areas, including strategy, leadership and succession planning, risk management and corporate governance.

In addition to the Board, Fortis has three standing Board Committees to ensure effective leadership and provide oversight of Fortis: the Audit Committee, the Human Resources Committee, and the Governance and Nominating Committee. All three Board Committees are made up of independent and unrelated directors.

## The Independence of Our Board of Directors

*Here are the facts about the Fortis Board of Directors:*

- 10 of 12 directors are independent
- There is an independent Chair of the Board and the role of the Chair and CEO is separated
- All three Board Committees are 100% independent

Each major utility is governed by its own Board of Directors comprised of a majority of independent directors usually drawn from the service territory of the utility.

In addition to independent directors, utility Boards generally include the utility's CEO for operating expertise, one or more officers of Fortis and/or a CEO from another Fortis operating utility. A strength of the Fortis governance model is our focus on experienced Board members who bring unique perspectives to the Board table.

These utility Boards exercise independent oversight and govern operations with a focus on customer needs, the regulatory environment and business objectives, while operating within the broad parameters of Fortis policies and best practices.

## 2017 Governance Gavel Award

Fortis received the 2017 Governance Gavel Award from the Canadian Coalition for Good Governance for "best disclosure of corporate governance and executive compensation practices."

The awards program recognizes excellence in shareholder communications through a company's annual proxy circulars.



# It starts with responsibility.

## Our Approach to Sustainability

Starting with our Board of Directors, the Governance and Nominating Committee specifically advises the Board on the status and adequacy of efforts to ensure business is conducted to meet the high standards of environmental and social responsibility.

Nora Duke, Executive Vice President, Sustainability and Chief Human Resource Officer reports to the President and CEO and is responsible for enterprise-wide sustainability and stewardship at the executive level.

Sustainability performance impacts how our executives are compensated. Performance in the core areas of system reliability and safety is linked to incentive compensation for all Fortis executives. Additionally in 2017, both Ms. Duke and President and CEO Mr. Perry had their individual performance

assessed against sustainability measured and linked to incentive pay.

In 2017 the Fortis Sustainability Working Group was established under the leadership of the Executive Vice President. Key leaders from across the Fortis group of utilities provide insights on different aspects of sustainability and were tasked with reviewing sustainability disclosures at Fortis to understand where improvements could be made.

The working group enables communication and sharing of information between our operating utilities on sustainability performance, issues and opportunities.

Another working group, the Fortis Operating Group has been well established for years and consists of senior operational executives from all utilities.

## Engaging with Shareholders on Sustainability

In 2017 Fortis adopted a Board-Shareholder Engagement Policy to facilitate communication and engagement with shareholders about governance, environmental and social matters as well as our executive compensation practices.

Also in 2017, we held our inaugural board-shareholder engagement meeting with significant shareholders. The Board Chair and two Committee Chairs met with 11 of our largest shareholders, representing approximately 14% of our total shares outstanding.

This group meets regularly to share best practices and identify opportunities for collaboration on a range of topics including environment, health and safety.

At every Fortis utility, the executive team is responsible for the operational aspects of sustainability. Sustainability is always at the forefront and we engage with professionals at all levels of our utilities, with the belief that good environmental and sustainability practices and management is good for both our business and our customers. Sustainability issues are managed first at the utility level to address applicable federal, provincial/state and municipal laws and regulations, which may differ in each service territory. Enterprise-wide sustainability issues are included in the Fortis enterprise risk management process and are integrated into the annual business strategy process for consideration by the executive and Board of Fortis.

# Our Code of Business Conduct and Ethics Policies

To ensure implementation of our business conduct and ethics policies, Fortis and all our utilities hold regular employee training and require all employees to sign, understand and deliver on the Code of Business Conduct.

Our [Code of Business Conduct and Ethics](#) covers areas such as:

- **Human Rights**
- **Political Contributions**
- **Compliance with laws and standards of business conduct, including improper practices like bribes or kickbacks.**

In addition to the Code, workplace policies are in place that outline the behaviour expected by management and employees. Defined whistleblower and complaint management processes are in place at all Fortis utilities to support reporting behaviour not aligned with the Code and other workplace policies.

As part of the contractor engagement process, some of our utilities extend policies to their contractors and require third-party contractors to sign off on the Code before work begins.

## Sustainability Governance at a Glance

### Board of Directors

*Responsible for risk management oversight and ensures business is conducted to meet high standards of environmental and social responsibility.*

### President and CEO

*Responsible for the long-term success of Fortis and the sustainability strategy.*

### Executive Vice President, Sustainability and CHRO

*Responsible for enterprise-wide sustainability and stewardship.*

### Utilities

*Responsible for operational aspects of sustainability.*

### Sustainability Working Group

*Responsible for developing the sustainability strategy and directing reporting practices.*

### Fortis Operating Group

*Regularly deal with operational matters and share best practices.*

### Our Policies to Support Sustainability

We are committed to the highest standards of ethical business practice and conduct. Our employees are expected to act honestly and ethically, always comply with our policies, act in our best interests and avoid any conflicts of interest. Our Code of Business Conduct and Ethics (the "Code") applies to employees, officers and directors, and where applicable, to consultants, contractors and representatives of Fortis and each Fortis utility.

The Code is supported by other policies including the Anti-Corruption Policy. These policies ensure directors, officers, employees and contractors are aware of the standards.

### Compliance With Laws and Regulations

Compliance with local regulation is managed locally at each utility. Each Fortis utility has compliance programs, or management systems to monitor and analyze sustainability. Utility board committees review compliance programs related to operational issues. At the parent company level, the Audit Committee has further oversight of compliance.

**We care about  
the environment.  
And it shows.**





## We're fostering a cleaner energy future.

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### An Energy Partner for the Future

We know our customers need us to be more than a reliable and safe energy provider. We are an *energy partner*, endeavouring to give customers choices to meet their energy needs and support the shift to a lower-carbon economy. We are collaborating on new initiatives with customers such as smart grid options, natural gas for transportation and electric vehicle charging to optimize their use of energy. We're delivering and helping customers in their transition to a lower-carbon economy.

Every decision we make is made with careful consideration of the environment and the sustainability of our local operations.

### Our Environmental Management Systems

Fortis utilities rely on environmental management systems to ensure significant matters are identified, managed and reported. Most of our utilities have adopted the ISO 14001 standard, while others have extensive environmental compliance programs. As such, each utility regularly reviews its environmental management system and protocols, strives for continual performance improvement and regularly sets and reviews environmental objectives, targets and programs in alignment with the Fortis Environmental Statement on page 37.

In addition, as part of the regulatory process, each utility continually engages with stakeholders including community groups, regulators and customers to discuss the environmental impact of investment opportunities to deliver safe, reliable, affordable and efficient energy to customers in their service territories.

## A Lower-Carbon Economy – The Carbon Intensity of Operations

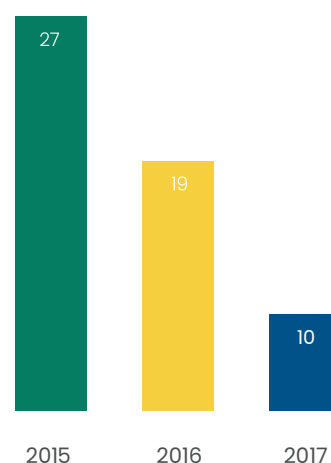
Fortis utilities are reducing GHG and air emissions responsibly, and are committed to providing cleaner, safe, reliable and affordable energy to our customers.

Fortis is an energy delivery company with 92% of our assets being electrical and natural gas distribution networks. To better capture the results of our efforts to reduce emissions, we have developed a new indicator to present the carbon intensity of Fortis operations as a whole.

The intensity calculations in this report include a significant amount of electricity delivered since ITC was acquired by Fortis in October 2016. ITC is the largest independent electricity transmission company in the U.S.

Over the last three years, we have achieved a consistent decrease in carbon intensity within the Fortis Group, with a 63% decrease since 2015.

**Combined GHG Intensity of Energy  
Delivered to Customers**  
(ktonnes of CO<sub>2</sub> equivalent per PJ)

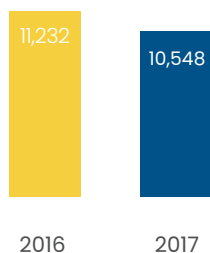


The carbon intensity included in previous reports for 2015 and 2016 data have been restated based on the GHG Protocol Corporate Accounting and Reporting Standard. All Fortis utilities are now calculating Scope 1 and 2 GHG emissions appropriate to their operations. These figures have been combined for the Fortis group, maintaining the scope categorization of each utility. Environmental indicators are located in Appendix A on page 63.

In terms of Scope 1 and 2 emissions, there has been a 6% decrease in GHG emissions within the Fortis Group from 2016 to 2017, while at the same time, we have increased the amount of energy we delivered to customers.

### Fortis GHG Emissions Scope 1 and Scope 2

GHG Emission in ktonnes of CO<sub>2</sub> equivalent



In 2017, GHG emissions from fossil fuel-based electricity generation decreased by 8% from 2016.

### Decreasing Emissions in Electricity Generation

(in ktonnes of CO<sub>2</sub> equivalent)

Source	2016	2017	
Coal	8,323	7,621	▼
Oil	5	4	▼
Diesel	597	585	▼
Natural Gas	1,966	1,800	▼
<b>Total</b>	<b>10,891</b>	<b>10,010</b>	▼

### Carbon Pricing and Trading

Fortis currently operates in several jurisdictions where carbon pricing mechanisms are already established or planned, but is not currently required to participate in cap-and-trade programs.

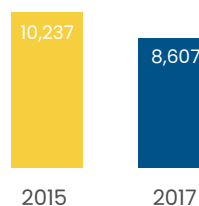
While carbon pricing is not expected to have a direct impact on Fortis, especially in cost-of-service regulated markets, the decarbonization trend is expected to influence decisions on the development of future sources of generation. As a partner in the transition to the low-carbon economy, Fortis utilities continue to assist customers in reducing their carbon footprint and enabling improved access to cleaner energy.

### Air Emissions Other Than GHG

Fortis utilities with other air emissions monitor and report pollutants in compliance with their operating permits and regulatory controls. Over the last three years, NO<sub>x</sub> and SO<sub>2</sub> emissions from Fortis electricity generation have decreased.

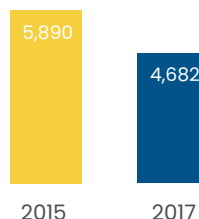
#### NO<sub>x</sub> Emissions

in tonnes



#### SO<sub>2</sub> Emissions

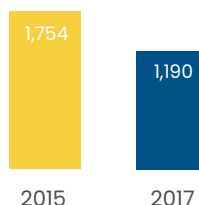
in tonnes



Likewise, since 2015, particulate matter emissions from electricity generation decreased by 32%.

#### Particulate Matter Emissions

in tonnes



## Waste and Water Management

Our utilities manage waste as part of their ISO 14001 environmental management or compliance programs. Waste management plans at each utility are based on the volume and nature of waste and comply with applicable regulations.

Tucson Electric Power (“TEP”) is putting green waste to good use. The utility has worked with a local nursery for 14 years to recycle green waste clippings from around power lines. The nursery uses the green waste compost to help grow trees, shrubs and perennials. The partnership keeps approximately 23,000 cubic metres of tree branches, leaves and other waste from local landfills annually.

Water used in electricity generation reduced from 24 million cubic metres in 2015 to 21 million cubic metres in 2017, primarily due to retirement of a

coal-fired unit at year end 2017. We expect water consumption to decrease further in the next two years as another coal-fired generating unit is planned for retirement in 2019. These retirements will reduce water consumption by approximately 3.2 million cubic metres. Another generating plant at TEP remains a zero-discharge facility.

Fortis wastewater discharges comply with local environmental standards. Wastewater treatment systems and monitoring are managed by each utility through their environmental management system or compliance program.

## Integrating More Renewable Energy Onto the Grid

Our utilities are located in areas rich with renewable resources including sun, wind and hydroelectric power.

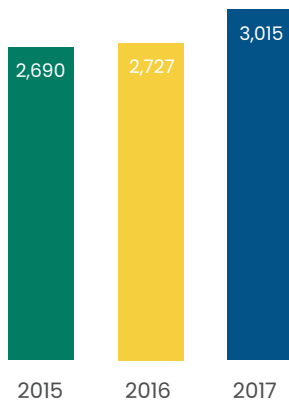


This creates opportunity to deliver renewable energy to our customers – a core strategic initiative for Fortis.

Our renewable generation including hydroelectricity, solar and biofuel generation has increased by 12% since 2015. Solar generation increased by 42% in that same time frame.

Our use of solar and wind is on the rise, and we expect this trend to continue.

**Renewable Electricity Generated**  
**Biofuel, solar and hydroelectric**  
 (in GWh)



Our Caribbean-based utilities are focused on solar energy options. Caribbean Utilities Company recently completed an Integrated Resource Plan that supports national policy for a significant increase in renewable energy projects over the next ten years. FortisTCL commissioned its first decentralized renewable energy solar generation system on a commercial building in 2017 and offers renewable energy programs to residential, commercial and industrial customers.

# TEP is poised to exceed renewable energy targets.

**Q&A with Erik Bakken**

Vice President, System Operations and Environmental

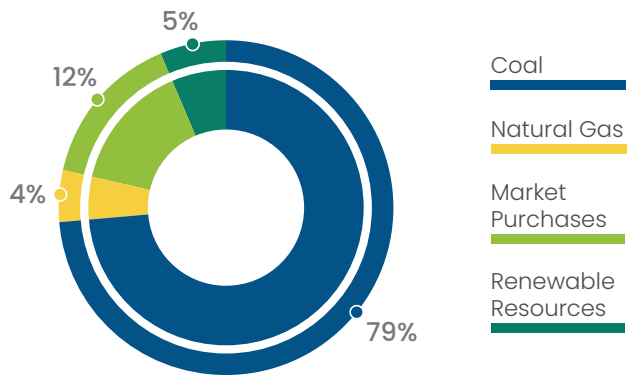
We're seeing the shift to a lower-carbon economy really take hold at our Arizona utility, Tucson Electric Power ("TEP"). Erik Bakken, Vice President, System Operations and Environmental at TEP shares how the utility is well on its way to achieving ambitious renewable energy targets and reducing GHG emissions from generating electricity.

Erik is also a member of the Fortis Sustainability Working Group and the Fortis Operating Group.

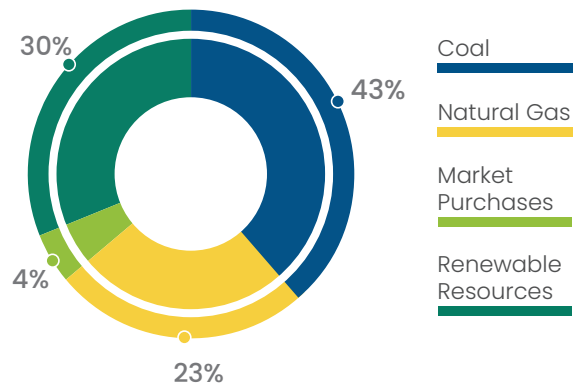
**Q. How does renewable energy fit into TEP's plan?**

We have big plans for renewable energy at TEP with a target to serve 30% of our retail load from renewable generation by 2030, doubling the State of Arizona's 2025 goal. Arizona is one of the sunniest places on the planet, and we plan on taking full advantage. We are installing 200 MW of wind and solar resources in 2020, with a potential for an additional 150 MW of wind to be available by 2021.

2014 Portfolio Energy Mix



2030 Portfolio Energy Mix





### Q. What are the long-term plans for reducing GHG emissions from generating electricity at TEP?

Our long-term strategy aims to diversify our generation portfolio to reduce our reliance on coal-fired generation and replace it with a mix of efficient natural gas and renewables to serve our customers. By retiring coal-fired generation plants and reducing our coal-fired generation, we have already reduced our Scope 1 CO<sub>2</sub> emissions by 16% since 2006.

We're building new facilities, embracing innovation and utilizing modern technologies to improve operations. Our objective is to continue to expand our renewable energy use and maintain safe, reliable and affordable service for customers. It's an exciting time for us.

### Q. Wind and solar only work when the wind is blowing and the sun is shining. How does TEP manage the variable nature of renewables?

Variability in renewable energy is a big consideration for us. There's plenty of sunshine and solar energy in the middle of the day, but none when the sun goes down. Having a mix of renewables, such as wind and solar helps to decrease this variability.

Storage is another critical component of our energy mix. And, TEP was recognized as a national leader in energy storage systems, ranking third in the U.S. among utilities according to the [Smart Electric Power Alliance](#).

We're also working with ITC, another Fortis utility, to analyze the feasibility of pumped hydroelectricity storage here in Arizona. Pumped storage acts like battery storage only on a much larger grid-level scale. Pumped storage would help us take advantage of and store excess solar and wind power during the middle of the day and then use it when our customers need it most.





### Q. What role does natural gas play in reducing carbon?

Natural gas has a significant role to play in the decarbonization of our economy. Compared to coal, electricity produced in modern natural gas-fired generation facilities reduces the GHG intensity of the electricity produced by approximately 50%. TEP is installing fuel-efficient natural gas generators to compensate for energy fluctuations associated with our expanded use of renewable energy. These generators will ramp up quickly and help meet customer demand when conditions for wind and solar generation are not favourable. Fast-reacting natural gas generating capacity is needed to support our increased use of solar and wind resources.

### Q. How is TEP reducing its reliance on fossil fuel-based generation?

Our plan is to significantly reduce our reliance on coal to approximately 43% of retail energy deliveries by 2030. Much of that will occur through coal plant retirements. At the end of 2017, TEP completed the shutdown of the San Juan Generating Station Unit 2. We plan to exit the Navajo Generating Station at the end of 2019, and San Juan Unit 1 in 2022.

When we look at the big picture, our plan is to continually take advantage of opportunities to reduce the overall carbon footprint because we know this will have the greatest positive effect on the environment, reduce our overall risk profile and it's the right thing to do. This also allows us to invest in green infrastructure like renewable generation, electric vehicles and storage technology to ensure a sustainable future. ■



## Accidental Releases and Spill Management

The prevention of accidental releases is an ongoing focus at all our facilities. Fortis utilities address prevention through a combination of physical measures and training under the utilities' ISO 14001 management system or compliance program. Each utility has detailed emergency response plans to address all types of emergencies, including environmental releases. In addition, the environmental managers at each of the Fortis utilities meet at the Fortis Operating Group to learn from each other's experience and share best practices.

## Natural Gas For Transportation – A Cleaner Energy Solution

FortisBC is driving change to a cleaner energy solution with its innovative approach to encourage the use of Liquefied Natural Gas ("LNG") or Compressed Natural Gas ("CNG") for transportation. Carbon dioxide emissions for LNG and CNG are 15% – 25% less than traditional fuels.

To date, over  
**10,000 homes  
 and businesses**

across British Columbia  
 have signed up for FortisBC's  
 Renewable Natural Gas Program.

Through their efforts and targeted incentive programs, an increasing number of fleet owners and operators are switching to natural gas to save on fuel costs and help shrink their environmental footprint. FortisBC is helping the province of British Columbia meet emission reduction goals while also helping transportation operators save on fuel costs.

BC Ferries and Seaspan Ferries have new LNG-fueled vessels in service, and BC Ferries' Spirit of British Columbia was converted to a LNG-fueled vessel, which is now in operation. Since the official launch of the FortisBC incentive program in 2012, more than 800 vehicles and seven marine vessels have committed to natural gas as their preferred fuel choice.

## Renewable Natural Gas

FortisBC is also an industry leader in Renewable Natural Gas ("RNG") and was the first utility in North America to offer RNG as an option to end-use customers. RNG is interchangeable with conventional natural gas, for an affordable low carbon solution. To date, over 10,000 homes and businesses across British Columbia have signed up for FortisBC's Renewable Natural Gas Program.

The utility worked with the City of Surrey on its recently commissioned biofuel facility, which is producing RNG for the City's natural gas-fueled vehicle fleets. The City of Surrey awarded the Clean Energy City Award to FortisBC in recognition of its forward thinking and work to reduce energy use and GHG emissions.

## Biodiversity Efforts

We are all reliant on a healthy ecosystem and for this reason Fortis utilities aim to protect natural spaces, create wildlife corridors and preserve biodiversity.

FortisAlberta understands the need to minimize the impact of its operations on migratory birds and has helped the Canadian Electricity Association develop a Bird Beneficial Management Practice Guide for utilities. This guide educates Canadian utilities and represents a proactive approach to practices that meet the requirements set out in the Migratory Birds Convention Act and Canada's international commitments.

## Fortis purposefully invests in its infrastructure to provide a safe and reliable grid.

TEP is currently looking at the feasibility of using forest waste feedstocks as a renewable resource. Biomass power plants use the heat produced from the combustion of biological materials such as forest and crop residues to generate electricity.

Belize Electric Company Limited (“BECOL”), a Fortis company, operates three hydroelectric generating facilities and is the largest renewable energy supplier in Belize. As part of its commitment to environmental compliance plans, BECOL conducts various studies on water quality and fish mortality to monitor possible human and ecological impacts of its hydroelectric facilities. The latest testing reports show mercury levels in fish are below safe consumption levels and are comparable to Belize rivers without a hydroelectric facility.

### Physical Adaptation to Climate Change

Fortis purposefully invests in its infrastructure to provide a safe and reliable grid. With each infrastructure investment, Fortis is building resilience in the face of climate change impacts stemming from more severe weather.

Capital investments in infrastructure that improve resilience of our energy networks totalled more than \$1.5 billion in 2017 with an additional \$1.9 billion planned for 2018. And it’s working — a \$1.5 million transmission line rebuilt shortly before Hurricane Irma hit in Turks and Caicos in 2017 withstood the impact of the category five storm.

Our utilities have experienced extreme weather events in recent years.

The impact of Hurricane Irma was significant to FortisTCI’s 15,000 customers and the country.

Our team was the first to land in the country after the “all-clear” was given by the Government of Turks and Caicos. The team of approximately 250 employees and contract personnel from all Fortis utilities worked safely and efficiently to restore power to the Islands in less than 60 days. It was a historic storm that required a heroic response from the Fortis group of utilities and became a defining moment in the history of our company.

Central Hudson safely and quickly restored power following damaging twin nor’easters Riley and

**FortisTCI** Supervisor of Technical Services James Juilen, sits and talks with a young aspiring lineman while in Grand Turk.



Quinn that impacted the Mid-Hudson Valley in March 2018. Electric service was interrupted to more than 180,000 customers with the storms amongst the most serious to have ever impacted the region, the fourth and tenth most severe, respectively, in more than a half-century.

For our efforts in response to Hurricane Irma, Hurricane Maria and the twin nor'easters Riley and Quinn, we were recognized with the Edison Electric Institute's Emergency Response Awards for outstanding efforts to restore service promptly to the public.

*"The low carbon energy system as designed and built by FortisBC Alternative Energy Services helped the development exceed its renewable energy requirements as well as achieve LEED Gold certification. We're satisfied with the solution as well as the results and how they are exceeding the project's environmental objectives."*

### **Arron Colbert**

Vice President, Construction  
PCI Group

### **The Marine Gateway Development**

*in Vancouver, British Columbia*



## FortisBC is Partnering with Our Customers to Deliver Cleaner Energy Solutions - *The Vancouver Marine Gateway Development*

The Marine Gateway Development in British Columbia, a building complex of more than 80,000 square metres of space, includes residential apartments, office space and a number of shops, restaurants and services.

Built as a "complete community", the developers had two high standards for its energy needs:

1. 70% of the energy must be provided by renewable and recoverable resources.

2. GHG emissions must be reduced by 50% relative to conventional systems.

The Alternative Energy Services team at FortisBC were up to the challenge and designed a system that specializes in sharing energy between users by capturing and using waste energy.

This low-carbon solution provides a high-quality energy solution to ensure comfortable living for Marine Gateway residents, tenants and shoppers. The solution also lowers input energy use and achieved the developer's carbon footprint reduction goals.

# Our Corporate Environment Statement

Fortis is committed to conducting business in an environmentally responsible manner. The Corporation uses sound environmental judgement in its decision making, planning and operations to meet the existing and future energy needs of its customers.

To fulfill this commitment, Fortis and its subsidiaries endeavour to:

- meet and comply with all applicable laws, legislation, policies, regulations and accepted standards of environmental protection;
- manage activities consistent with industry practice and in support of the environmental policies of all levels of government;
- identify and manage risks to prevent or reduce adverse consequences from operations, including preventing pollution and conserving natural resources;
- regularly conduct environmental monitoring and audits of environmental management systems and protocols, and strive for continual improvement in performance;
- regularly set and review environmental objectives, targets and programs;
- communicate openly on environmental issues with stakeholders, including customers, employees, contractors and the general public;
- support and participate in community-based projects that focus on the environment;
- provide training for employees and those working on behalf of the utilities to enable them to fulfill their duties in an environmentally responsible manner;
- work with industry associations, government, investors and other stakeholders to establish standards for the environment appropriate to the utilities' business; and
- seek feasible, cost-effective opportunities to decrease GHG emissions and increase renewable energy sources.



# Reliability, customer service and cybersecurity.

## Delivering Reliable Energy to Our Customers

Our customers rely on us to connect them with energy they need. Customers might not think of Fortis when the lights turn on and homes are warm on cold days or cool on hot days, but that's the

convenience electricity and natural gas bring to our 3.3 million customers every day. The feedback we get from customers helps drive our priorities and strengthen our service. All Fortis utilities conduct customer surveys and use the results to inform business decisions.



## There were no reportable losses of customer data in 2017.

We take a proactive approach to managing our assets — replacing infrastructure *before* issues arise. Our capital plans include projects that replace aging equipment, deploy modern technology and upgrade our systems to ensure reliable, safe and efficient energy is delivered to our customers. Infrastructure investments to withstand extreme weather events also create a stronger, more resilient and reliable system.

We use a widely-accepted electricity utility indicator for reliability called the System Average Interruption Duration Index (“SAIDI”), which is the average customer hours of interruption per customer served. Under normal operations our SAIDI was 2.15 in 2017, outperforming industry benchmarks in electricity reliability. Our transmission service reliability, which is calculated as the forced outage rate, was 0.55 in 2017, consistent since 2015.

When it comes to public safety, Fortis utilities educate the public through safety outreach and education. As examples, FortisAlberta is a member of Alberta’s Joint Utility Safety Team that communicates the hazards associated with working near underground or overhead electrical lines. Maritime Electric has a well-established program that includes electrical safety presentations for all grade six students each year as well as first responders, contractors and the general public.

### Cybersecurity at Fortis

Each utility has responsibility for the management of cybersecurity. These independent and autonomous information technology environments help reduce overall cybersecurity risk.

The Governance and Nominating Committee of the Fortis Board of Directors provides cybersecurity oversight in combination with the executive level Executive Vice President and Chief Information Officer who reports to the President and CEO and has overall corporate responsibility for cybersecurity.

The cybersecurity of all Fortis utilities has been assessed using the Cybersecurity Capability Maturity Model (“C2M2”). C2M2 was developed jointly by the U.S. Department of Energy and the U.S. Department of Homeland Security and is a widely used cybersecurity framework within the utility sector.

We are currently refining a Cybersecurity Risk Management Program with full implementation expected in 2019. The program is modelled on our existing Enterprise Risk Management Program and will provide a common approach for the classification of cybersecurity risk.

People.  
Our culture  
in action.



## A culture built on safety, diversity, and integrity.

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Our culture is strong and is based on the principles of doing your best, working hard and working safely. We're driven by making good decisions and doing the right thing for our customers and the health and safety of our 8,500+ employees.

*Our workforce is stable. Here's a closer look:*

- Existing employment levels were maintained or increased after the acquisitions of Central Hudson in 2013, UNS Energy in 2014 and ITC in 2016.
- Annual employee numbers across all companies have been consistent with no significant changes.
- The Fortis head office team remains very small relative to our size, which demonstrates our commitment to running utilities locally. There are 57 employees at Fortis head office as of December 31, 2017, representing less than 1% of total Fortis employees.

*See Appendix A for detailed information.*

### Respecting Our Employee's Freedom to Associate

In 2017, 54% of employees at Fortis were covered by a collective agreement. Most Fortis utilities employ members of labour unions or associations that have entered into collective bargaining agreements. We are encouraged by the positive and constructive relationships our utilities have with their labour unions and associations, and we respect our employees' freedom to associate.

### Putting Safety First

Nothing is more important to us than the health and safety of our people. Whether we're installing electricity poles or natural gas lines, testing new equipment or responding to customer calls, we're focused on doing the job safely.

Our focus on promoting a culture of safety first has resulted in an improvement in our health and safety performance in recent years, surpassing industry comparators.

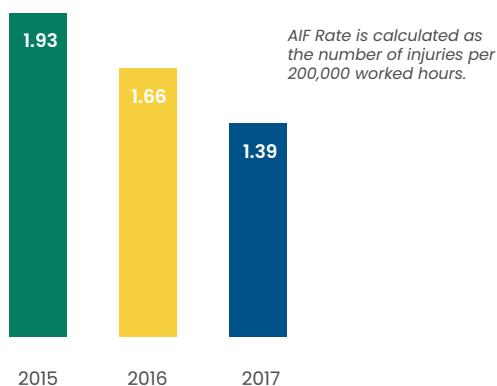
*Our utilities have recently implemented a number of health and safety best practices:*

- UNS Energy has introduced Human Performance Principles into safety processes including intentional learning through implementing learning teams and leadership training.

A key element of safety success at the utility is the intense engagement of the leadership group, including the Executive Safety Steering Team. As a result, UNS Energy achieved its lowest ever Occupational Safety and Health Administration recordable injury rate in 2017. Additionally, the utility has experienced a notable increase in Near Miss and Good Catch reporting, allowing more opportunity to improve safety of the working environment.

- FortisAlberta has developed and implemented an Injury Prevention Plan ("IPP") tool that is fully electronic, "app" based and is linked through computer or iPhone. The tool was developed by FortisAlberta in-house and has improved the quality of IPP and emergency response capabilities.

### Fortis Annual Average AIF Rates



**2016 All Injury Frequency ("AIF") Rate Industry Comparisons**

Canadian Electricity Association: <b>1.7</b>	USA Bureau of Labour Statistics: <b>1.9</b>
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## Fortis utilities champion a strong health and safety culture:

- Regular committee meetings to proactively identify opportunities to strengthen safety before an incident occurs.
- Health and safety policies with defined roles and responsibilities. Many have chosen to adopt a management system compliant with or based upon Occupational Health and Safety Assessment Series or ISO standards.
- Health and safety awareness programs focused on local matters as well as best practices in North America.
- Mandatory training plans.
- Track leading indicators (such as monitoring training and competency and worksite inspections) and lagging performance indicators like the number of injuries and vehicle accidents.
- Report health and safety performance results quarterly to their respective Board of Directors.

## Our Expectations for Contractors

Specific safety processes are identified in contract documents depending on the size of the contract and the level of risk. The contractor's own health and safety program and individual certifications are reviewed as part of the contractor selection process as necessary.

Contractors working at Fortis utilities are required to report injuries and that information is shared with our utilities to improve on-site safety for all.

*Fortis utilities have also been recognized by external groups for their excellent health and safety performance:*

- In 2016 Newfoundland Power received a Vice President's Award of Excellence from the Canadian Electricity Association. The award recognizes top quartile performance in all injury frequency and all injury severity for both generation, and transmission and distribution.
- ITC has consistently achieved Top Decile and/or Top Quartile performance regarding Total Recordable Incident and Lost Work Days compared to Edison Electric Institute Members.
- FortisBC and Fortis Alberta are certified in the Certificate of Recognition ("COR") Audit Program. The COR Audit Program is offered by each and is a voluntary incentive program that recognizes companies whose Safety Management System exceeds regulatory requirements.

We collectively invested over  
**\$3.4 million**  
in employee training in 2017.

## Developing Our People

At Fortis, we recognize that our performance is rooted in the deep experience and skills applied by our employees each and every day.

On-site training is a priority for all employees, addressing a range of topics from communications and operations to finance and best practices.

Apprenticeship programs are often used in conjunction with skilled trades. We collectively invested over \$3.4 million in employee training in 2017.

A pillar of our approach to developing people is experiential learning, including special or project accountabilities, upward and lateral role changes and stretch assignments. By way of illustration, in the past 12 months 36 executives were promoted or had broadened roles.

Our priority on developing our employees also looks to the future skills and leadership capabilities

we require. Our talent strategy extends to our senior leadership roles across the Fortis group. We recognize the importance of a robust talent pipeline and formally identify current and emerging leaders for future succession. Targeted development plans support the success of these efforts. The Fortis Human Resources Committee and Board of Directors annually receive an update and report on talent management plans and strategies.

Our utilities seek opportunities to engage and develop talent. FortisAlberta and FortisBC host Annual Leadership Forums during which leaders are brought together to hear from executive and external speakers about topics relevant to the utility and the industry. Reflecting its efforts to promote from within, 56% of FortisBC's postings were filled by internal candidates in recent years. To inspire the future leaders of our organization, a number of Fortis utilities offer grants and internship opportunities for local students interested in working in the energy sector.

## A respectful workplace is based on trust.

### A Respectful, Inclusive and Engaging Workplace

Every one of our employees expects to work in a safe and respectful workplace. In turn, we expect our employees at all levels to act honestly, ethically and respectfully, as set out in our [Code of Business Conduct and Ethics](#). All Fortis utilities have either adopted the Code or have created a similar policy which reflects the same expectations. A respectful workplace is based on trust, a quality that has been woven into our culture at all utilities.

Our Arizona utility delivers in-person interactive *Think Inclusively* training to employees. The training focuses on the utility's expectations for respect and inclusion in the workplace and also discusses harassment, discrimination, and ways to address and report those types of behaviours.

Our efforts go beyond providing a safe and respectful workplace to our employees; we value

their well-being and satisfaction. All Fortis utilities have programs in place to promote the well-being of our employees and encourage personal fulfillment:

- Wellness-related perquisites may include family leave, personal days off and flexible working hours.
- Employee and family assistance programs are available to employees and family members.
- Wellness programs such as health benefits, fitness/gym financial support, and initiatives to encourage our employees to adopt healthy lifestyles are available.
- ITC has implemented *Energize Your Well-Being*, a holistic program focusing on whole life experiences that impact physical, emotional and financial well-being and provides resources, coverage and online support tools.

The majority of our utilities assess employee climate and engagement, most doing so through online, anonymous surveys.





### **TEP's Dana Hanson**

*enjoys a laugh with students during the Southern Arizona Construction Career Days.*

### **A Diverse Group of Employees Creates a Stronger Team**

Fortis continues to build a diverse and inclusive workforce guided through our policy framework and is a member of the Conference Board of Canada's Council on Inclusive Work Environments. Diversity examples include:

- Central Hudson partners with Troops to Energy Jobs program, which helps U.S. military service veterans make a successful transition to a rewarding career in the energy industry.
- Similarly, TEP's Career Skills Program provides private-sector work experience to those who are about to retire or separate from the military through a partnership with Davis-Monthan Air Force Base in Tucson.
- As part of the Wataynikaneyap Power Project, FortisOntario is developing capacity building training programs for Indigenous students which will lead to meaningful employment during the project. Training includes the Line Ground Crew Support 15-week program and the Powerline Construction and Work Readiness two-week program that combines powerline construction, industry knowledge, job readiness training and certificate-based training.



## The Value of Gender Diversity

Fortis recognizes the positive correlation between strong financial and organizational performance and representation and engagement of female leaders. We have created a number of programs to promote female leadership. In 2018 we hosted our third annual Women in Executive Leadership Forum, our largest event to date with 60+ in attendance from across our group of utilities. This event brings together our current female executives and emerging talent from our utilities to create connections and to inspire and support one another in professional and personal ambitions.

Our commitment to gender diversity is highlighted through the following:

- As of June 2018, 31% of executives in the Fortis group of companies are female.
- Five of twelve members of the Board of Directors are female (42%), representing an increase of 9% from 2017.
- Fortis Chief Financial Officer Jocelyn Perry is one of only four female CFOs represented in the TSX 60. Ms. Perry and EVP, Sustainability and CHRO Nora Duke are two of just 28 named executive officers that are female within the TSX 60 group of companies<sup>3</sup>.

<sup>3</sup> As of September 2018.

### Fortis companies are championing gender diversity:

- Maritime Electric sponsors women in trade initiatives through a partnership with Women's Network PEI on *Supporting Island Trades Employers*. The utility also recently launched its own *Women in Leadership* program that is open to any women in any role in the company and provides coaching on leadership progression in the utility.
- UNS has implemented the *Women in Energy* network with the mission of inspiring female employees in their professional growth and development. The network is open to all UNS employees who express an interest in supporting and encouraging women in their professional growth and it has become a valued business resource group.
- FortisAlberta hosts women in leadership events for all female leaders.

### Recent accolades for our efforts to create respectful, inclusive and engaging workplaces:

- Newfoundland Power was selected as Employer's Council Employer of Distinction for, among other things, the introduction of its "*Working Mind*" program, designed to improve mental health in the workplace and reduce stigma around mental health conditions.
- Caribbean Utilities Company recently achieved Gold Level "Investors in People" Certification following a review process by independent external assessors. The certification helps the utility improve performance and realize business objectives through the management and development of our employees. The utility also received the Diversity Award from the Cayman Islands Society of Human Resource Professionals in 2018.



Attendees at the  
2018 third annual  
**Women in  
Executive  
Leadership  
Forum.**

# Hello, neighbour.



## Conversations with our communities: an essential first step.

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Whether it's part of regular operations or a new project on the horizon, the first step is starting a conversation with our communities. We conduct extensive stakeholder consultations to ensure we are addressing the needs and concerns of the communities in which we operate. We work with public officials, community leaders, industry associations and more to create the best and most responsible outcomes for our neighbourhoods.

Community engagement underscores FortisBC's Gas Line Upgrade Project. This project involves major construction to replace 20 kilometers of natural gas lines between Coquitlam and Vancouver serving over 210,000 customers and is located under one of the region's busiest streets leading to downtown Vancouver.

Several years before construction began, FortisBC started talking with residents and businesses in the

area and hosted information sessions to understand and lessen the impacts of the project. A website conveys all project information — [talkingenergy.ca](http://talkingenergy.ca).

FortisBC has procured approximately \$35 million in materials, goods and services for this project from approximately 120 companies located in more than 20 local communities.

*"FortisBC was always respectful to me and communicated with me throughout construction."*

**Nino Giacinto**

Resident of Vancouver, BC  
talking about the FortisBC Gas Line  
Upgrade Project

**FortisBC** team members and local residents talk project specifics at a community information session.



FortisAlberta has a group dedicated to working with municipalities to ensure community needs are met and exceeded. A third-party survey is completed twice annually to gauge municipal customer satisfaction. FortisAlberta has received strong positive feedback from this group, with municipal customers rating satisfaction at 93% in 2016 and 92% in 2017.

ITC also has a formal community engagement program, which includes outreach prior to any vegetation management activities. ITC also recognizes that nobody knows their community better than the people living there. That's why this utility established an *Eyes and Ears Program*, which is a neighbourhood partnership program designed to maintain the safe and reliable delivery of electrical power to communities.

## All Fortis utilities...

...have community engagement plans in place to proactively connect with stakeholders before a major project gets off the ground. This engagement is then carried through to the end of the project.

## Working Together With Our Indigenous Partners

Fortis utilities are committed to respect, trust, understanding and open communication with all our Indigenous partners. Maritime Electric forged lasting relationships with New Brunswick Indigenous communities during its largest ever infrastructure project, *The Interconnection Upgrade Project*, which involved installing two new underwater electrical cables to connect the Island to the mainland.

The project team worked directly with Chiefs, Elders and Indigenous communities respecting the people, the land and the water to work together to bring energy to Prince Edward Island. Chiefs awarded honour gifts at the Project's energization ceremony to celebrate the respectful working relationship. Maritime Electric was acknowledged in the New Brunswick Indigenous Knowledge Report for the

respect it demonstrated for Mi'kmaq values during the Project. Maritime Electric is one of the first companies in the history of Mi'gmawe'l Tplu'taqnn to follow the New Brunswick Mi'kmaq Study Process Guide for Indigenous Knowledge Studies.

FortisBC is also a leader in developing and building strong working relationships with Indigenous communities. The utility:

- has adopted a formal [Statement of Indigenous Principles](#);
- was the first privately held energy company in British Columbia to sign a Memorandum of Understanding with the Province's First Nations Energy and Mining Council; and
- implemented an Indigenous Awareness, Engagement and Employment and Training Strategy.

In August 2018, FortisAlberta employee Stan Orlesky received the **"Special Award"** at the 23rd Annual Aboriginal Role Models of Alberta Awards.

"We give the Special Award to those who may not be Indigenous, but are considered to have an 'Indigenous Soul,' Stan is one of those people ... we consider him a brother of the Indigenous community." Pictured: Stan Orlesky receiving his award from Elder Irene Morin.



# Wataynikaneyap Power

A Partnership For Prosperity in Northwestern Ontario

*"The Wataynikaneyap Power Project will pave the way and redefine the landscape of how business must be conducted with the First Nations through creating a sustainable First Nation equity position overall. This provides the foundation for the communities to participate meaningfully in the economic prosperity of Canada."*

**Margaret Kenequanash**  
CEO, Wataynikaneyap Power





*“The tie that binds all of the work we do in our partnership is our shared vision. Together we are going to create a strong, viable business for First Nations communities for generations to come. The power of Fortis and the expertise of our utilities is fully behind this Project. It’s our job to transfer our knowledge so our First Nations partners can eventually fully operate and maintain the utility.”*

**Barry Perry**

President and CEO, Fortis Inc.

Wataynikaneyap Power means “line that brings light” in Anishiniimowin and is creating hope for the future.

This licensed transmission company is owned by 22 First Nations communities (51%) and Fortis Inc. (49%) and will connect remote First Nations in Northwestern Ontario to Ontario’s power grid by constructing 1,800 kilometres of transmission lines.

Currently, 17 of the 22 First Nations communities rely on diesel generation for electricity, which has become financially unsustainable, environmentally risky and inadequate to meet their communities’ energy needs. Families and businesses do not have a reliable source of energy, and the current system cannot accommodate additional electrical demand.

The benefits for communities include:

- Significant savings associated with the avoided cost of diesel generation;
- An estimated 769 jobs during construction;
- Nearly \$900 million in socio-economic value;
- Avoiding an estimated 6.6 million tonnes of CO<sub>2</sub> equivalent GHG emissions over 40 years; and
- Improved health of community members and increased economic growth benefits.

One of the biggest benefits for communities is the vision shared by Fortis and our First Nations partners that Wataynikaneyap Power will eventually be fully owned by First Nations.

A milestone for this long-term project was reached in 2018 with the commitment of \$1.6 billion in funding from the Government of Canada.

We all move  
forward when  
we give back.



2017 FortisTCI  
Youth Football  
League Cup.

## Supporting the communities our employees and customers call home.

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In 2017 Fortis and our utilities invested more than \$12.5 million in the communities we serve<sup>4</sup>.

Our communities are where we live, work and deliver critical energy to homes and businesses.

We want the best for our communities.

The heart of our community involvement is volunteerism. Our 8,500+ employees roll up their sleeves and give of their time and skills regularly to make a difference. A number of our executives and employees offer their expertise to sit on nonprofit Boards of Directors and governing bodies.

Our utilities have matching employee donations programs in place and a number have formalized volunteer programs.

ITC focuses its charitable program on five key areas: Environment, Social Services, Education, Arts and Culture and Health and Wellness. Throughout the year, ITC and its 669 employees donated US\$1.6 million to more than 100 organizations across its seven-state footprint.

<sup>4</sup> Depending on local regulations, some of the funds invested in communities by utilities are recovered through customer rates.

**ITC Employees**

*hard at work  
during a Habitat for  
Humanity build.*



Our Caribbean utilities do great work in this area and set targets for employee volunteerism. The 215 employees at Caribbean Utilities Company donated 1,611 volunteer hours in 2017 – surpassing their annual corporate target of 1,600. Similarly, on the Turks and Caicos Islands, FortisTCI and its 164 employees set a target in 2017 to volunteer 1,600 hours and that objective was well achieved with over 2,300 volunteer hours.

Our utilities in Arizona, TEP and UniSource Energy Services, each have Community Action Teams, comprised of employees and family members who organize and carry out volunteer community activities. In 2017 the teams volunteered nearly 26,000 hours to benefit more than 200 local nonprofit groups.

We also partner with our utilities to support a specific cause so we can maximize the benefit to the organization we're supporting. In 2017 Fortis and our U.S. utilities partnered to contribute US\$100,000 to the American Red Cross Hurricane Harvey relief efforts.

Fortis donated \$1 million to support the construction of the Centre of Hope in its head office location of St. John's, Newfoundland and Labrador. The Centre of Hope will provide housing for the homeless, and needed services for those most vulnerable in our society.

## Making it easy for community groups to ask for support...

Fortis Inc. launched a new [online application](#) in 2018 so community groups can request support in just a few easy steps.

## All Fortis utilities...

...have community investment programs in place that focus on the priorities and needs of local communities. Environment, education, health and safety, and the arts are some of the focus areas.



### **The Top Five CUC Employees**

who volunteered the most time in 2017 received the CUC Community Spirit Award. From l-r: Damian Barboram, Antwan Seymour, Peter Williams, Chad Powell (not pictured: James Moore).

# Appendix A: Key Performance Indicators Summary



Operational Indicators<sup>1</sup>

	2017	2016	2015	2014
<b>Utility customers (in thousands)</b>				
Electricity	2,002	1,986	1,965	1,947
Natural Gas	1,244	1,227	1,213	1,194
<b>Total</b>	<b>3,246</b>	<b>3,213</b>	<b>3,178</b>	<b>3,141</b>
<b>Energy delivered to our customers</b>				
Electricity (in GWh)	215,699	90,868	50,795	40,826
Electricity (in PJ)	777	327	183	147
Natural Gas (in PJ)	304	250	223	223
<b>Total (in PJ)</b>	<b>1,081</b>	<b>577</b>	<b>406</b>	<b>370</b>
<b>Minimum amount of renewable energy in the electricity sold to customers<sup>2</sup></b>	29.1%	28.5%	28.3%	40.6%
<b>Electricity Generation Capacity (in MW)</b>				
Coal	1,412	1,412	1,320	1,515
Oil	76	81	81	81
Diesel	375	375	347	341
Natural Gas	1,555	1,555	1,399	1,399
Hydroelectric	563	563	612	442
Solar	67	54	53	53
<b>Total (in MW)</b>	<b>4,048</b>	<b>4,040</b>	<b>3,812</b>	<b>3,831</b>
<b>Net Electricity Generated (in GWh)</b>				
Coal	7,565	8,268	8,433	3,833
Oil	2	2	4	5
Diesel	890	902	870	839
Natural Gas	3,897	3,919	3,324	543
Biofuel	24	28	32	10
Hydroelectric	2,882	2,617	2,581	2,420
Solar	109	82	77	14
<b>Total (in GWh)</b>	<b>15,369</b>	<b>15,818</b>	<b>15,321</b>	<b>7,664</b>
<b>Electricity Purchased by Fortis and Resold For Customer Use (in GWh)</b>				
From renewables (wind, solar, hydro)	7,229	7,032	7,317	6,843
From the grid, mixed sources	12,556	11,448	12,664	8,347

Notes: <sup>1</sup> Data is provided from the date of acquisition for the following utilities, UNS Energy (August 2014), Aitken Creek Gas Storage Facility (April 2016), ITC (October 2016).  
<sup>2</sup> The amount of renewable energy in the electricity purchases from the grid is not tracked in all jurisdictions.

Employees, Governance, Safety and Reliability Indicators<sup>1</sup>

	2017	2016	2015	2014
<b>Employees</b>				
Fortis Inc.	57	50	43	27
ITC	669	660	-	-
UNS Energy	2,024	2,023	2,015	2,031
Central Hudson	1,004	992	966	923
FortisBC	2,229	2,134	2,127	2,160
FortisAlberta	1,116	1,132	1,162	1,144
Other Electric <sup>2</sup>	1,369	1,383	1,389	1,402
Non-Regulated Energy Infrastructure <sup>3</sup>	66	51	34	40
<b>Total</b>	<b>8,534</b>	<b>8,425</b>	<b>7,736</b>	<b>7,727</b>
<b>Board Composition at Fortis Inc.</b>				
Independent directors (#)	10	11	9	9
Average tenure (in years)	3.9	4.8	4.3	7.6
Directors with utility/energy experience (#)	8	6	6	7
Directors with governance and risk management experience (#)	10	9	7	7
Directors with senior executive experience (#)	12	11	10	9
Female Directors (#)	4	4	3	2
<b>Total Board Members (#)</b>	<b>12</b>	<b>12</b>	<b>11</b>	<b>10</b>
<b>Employee Safety</b>				
All Injury Frequency Rate ("AIF") <sup>4</sup>	1.39	1.66	1.93	1.83
<b>Energy Reliability</b>				
<b>Electricity Grid Reliability - System Average Interruption Duration Index ("SAIDI")</b> (in customer hours of interruption per customer served)				
Under normal operations	2.15	2.07	1.99	2.25
During major events	1.73	0.61	0.88	1.17
<b>Transmission Service Reliability</b> (in forced outages rate, in number per 1,000 miles of transmission lines)				
	0.55	0.54	0.5	0.78
<b>Natural Gas - Excavation Damage Rate</b> (in number per 1,000 requests for pipe location information)				
	6.39	6.52	6.73	7.02

Notes: <sup>1</sup> Data is provided from the date of acquisition for the following utilities, UNS Energy (August 2014), Aitken Creek Gas Storage Facility (April 2016), ITC (October 2016).

<sup>2</sup> Includes Caribbean Utilities Company, FortisTCL, Newfoundland Power, Maritime Electric, FortisOntario, and the Corporation's 49% equity investment in Wataynikaneyap Power Limited Partnership. <sup>3</sup> Includes investments in British Columbia, Belize and Ontario. <sup>4</sup> The number of injuries per 200,000 hours worked by employees and ITC's permanent contractors. Similar to U.S. Total Recordable Injury Rate in the U.S.



Environmental Indicators<sup>1</sup>

	2017	2016	2015	2014
<b>GHG Emissions (in ktonnes of CO<sub>2</sub> equivalent)</b>				
<b>Scope 1 Emissions<sup>2</sup></b>				
From Electricity Generation				
Coal	7,621	8,323	8,474	3,710
Oil	4	5	7	8
Diesel	585	597	591	566
Natural gas	1,800	1,966	1,476	297
<b>Total From Electricity Generation</b>	<b>10,010</b>	<b>10,891</b>	<b>10,548</b>	<b>4,581</b>
From Natural Gas Operations (combustion, flaring, venting)	142	97	53	63
From Natural Gas Fugitive Emissions	93	90	112	117
From Owned Vehicle Emissions <sup>3</sup>	44	42 E	41 E	35 E
From SF <sub>6</sub> Fugitive Emissions <sup>3</sup>	84	34 E	17 E	9 E
<b>Total Scope 1 Emissions</b>	<b>10,373</b>	<b>11,154</b>	<b>10,771</b>	<b>4,805</b>
<b>Scope 2 Emissions</b>				
From electricity purchased from the grid, used in Fortis-owned or controlled equipment <sup>3</sup>	175	78 E	46 E	46 E
<b>Total Scope 1+2 Emissions</b>	<b>10,548</b>	<b>11,232</b>	<b>10,817</b>	<b>4,851</b>
<b>Scope 3 Emissions</b>				
Related to electricity used by customers that Fortis purchased from the grid	3,595	3,353	4,445	3,247
Related to electricity used by customers, transmitted and delivered under certain Fortis contracts	111,504	35,897	10,964	11,118
Related to natural gas used by customers <sup>4</sup>	17,071	14,057	12,523	12,523
Avoided emissions from the use of biofuel recovered from landfill sites (in ktonnes of CO <sub>2</sub> e)	12	15	36	12
Avoided emissions from Customer Demand Reduction and Energy Efficiency Programs (in ktonnes of CO <sub>2</sub> e)	203	215	181	see note 5
<b>GHG Intensity Factors</b>				
Combined GHG intensity of energy delivered to customers <sup>4</sup> (in ktonnes of CO <sub>2</sub> e per PJ)	10	19	27	13
Average GHG intensity of electricity delivered to customers <sup>4</sup> (in tonnes of CO <sub>2</sub> e per GWh)	48	122	210	114
<b>Other emissions from electricity generation</b>				
NO <sub>x</sub> Emissions (in tonnes)	8,607	9,343	10,237	4,449
SO <sub>2</sub> Emissions (in tonnes)	4,682	5,125	5,890	2,627
Mercury Emissions (in kg)	30	-	-	-
Particulate Matter Emissions (in tonnes)	1,190	1,222	1,754	784
Water used in electricity generation, covering all significant use (in million m <sup>3</sup> )	21	23	24	9
<b>Accidental releases and spills</b>				
Significant spill or release <sup>6</sup> (#)	1	-	-	-
<b>Energy savings at customer locations through demand reduction and efficiency programs</b>				
Electricity saved in the year (in GWh)	329	344	288	see note 5
Relative to electricity delivered	0.15%	0.38%	0.57%	
Natural gas saved in the year (in TJ)	630	541	510	see note 5
Relative to natural gas delivered	0.21%	0.22%	0.23%	
Resulting GHG emissions avoided (in ktonnes of CO <sub>2</sub> e)				
From electricity related programs	171	187	155	see note 5
From natural gas related programs	32	28	26	see note 5

Notes: <sup>1</sup> Data is provided from the date of acquisition for the following utilities, UNS Energy (August 2014), Aitken Creek Gas Storage Facility (April 2016), ITC (October 2016).

<sup>2</sup> Scope 1 emissions from biofuel are negligible. <sup>3</sup> Previous years are estimated values as 2017 is the first year for which data was collected and reported using the GHG Protocol Corporate Accounting and Reporting Standard. <sup>4</sup> It is assumed the natural gas was used in combustion by customers. <sup>5</sup> Data related to energy efficiency programs was not collected prior to 2015. <sup>6</sup> A transformer containing trace amounts of PCB developed a leak at FortisAlberta. The site was fully remediated and lessons learned were shared with other Fortis utilities.

# Appendix B:

## Global Reporting Initiative Cross Reference

### Global Reporting Initiative Content Index

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

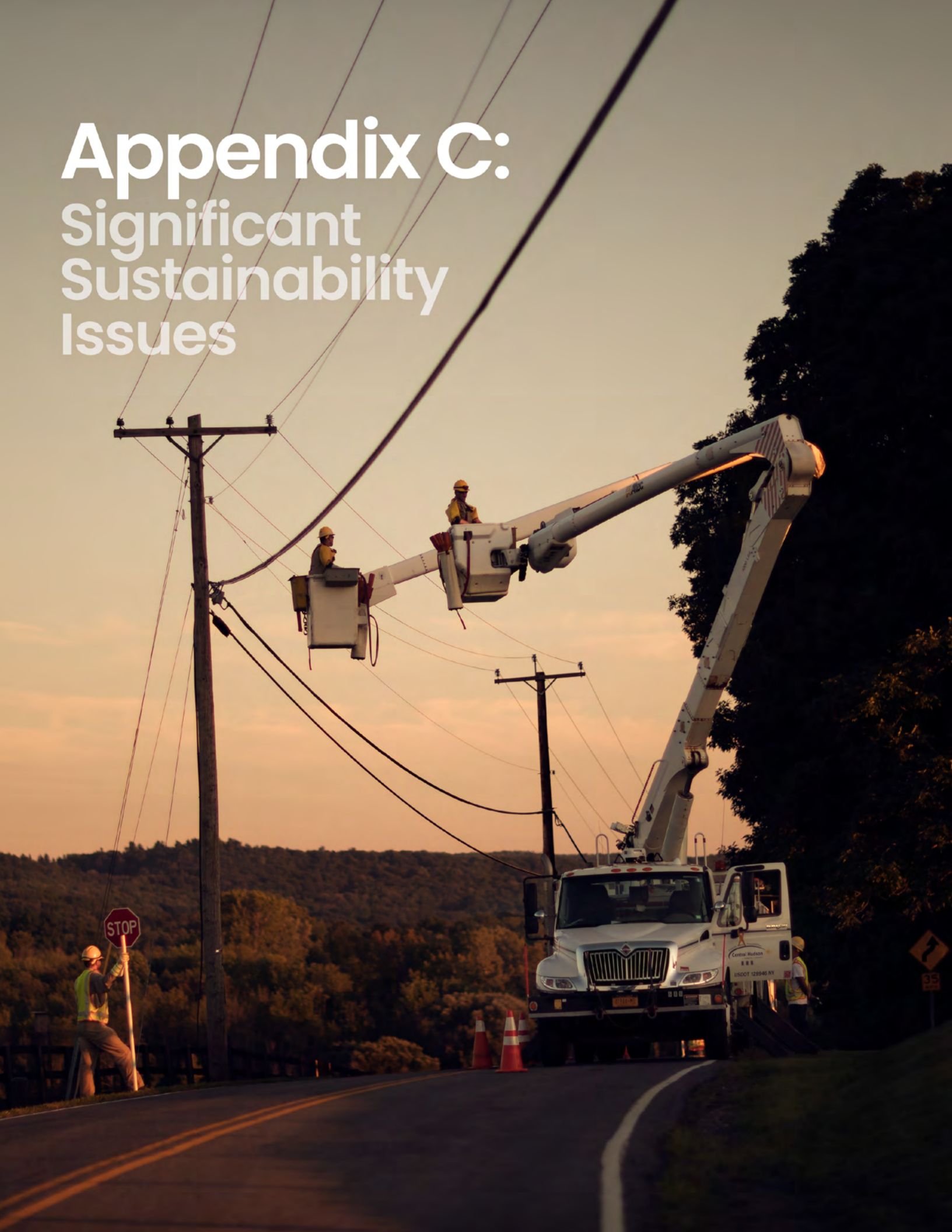
Disclosure	Page number(s) and/or URL(s)
<b>GRI 101: Foundation 2016</b>	
<b>General Disclosures</b>	
<b>Organizational profile</b>	
102-1 Name of the organization	Forward-Looking Information (page 3)
102-2 Activities, brands, products, and services	Fortis - An Energy Delivery Company (page 10); Fortis Utilities, (page 70)
102-3 Location of headquarters	Contact Us (page 72)
102-4 Location of operations	Fortis - An Energy Delivery Company (page 10)
102-5 Ownership and legal form	Our Way of Operating, page 15, <a href="#">2017 Annual Information Form (pages 6, 28)</a>
102-6 Markets served	Fortis - An Energy Delivery Company (page 10); Fortis Utilities (page 70)
102-7 Scale of the organization	Fortis - An Energy Delivery Company (page 10)
102-8 Information on employees and other workers	Appendix A - Key Performance Indicators Summary (page 62); <a href="#">2017 Annual Information Form (page 24)</a>
102-9 Supply chain	<a href="#">2017 Annual Information Form, Description of Business (page 8)</a>
<b>Strategy</b>	
102-14 Statement from senior decision-maker	Message from Barry Perry, President and CEO (page 4)
102-15 Key impacts, risks, and opportunities	Message from Barry Perry, President and CEO (page 4); <a href="#">2017 Annual Report, Key Trends, Risks and Opportunities (page 20)</a> ; <a href="#">2017 Annual Report (page 50)</a>
<b>Ethics and integrity</b>	
102-16 Values, principles, standards, and norms of behavior	<a href="#">Code of Business Conduct and Ethics Policy</a> ; Our Policies to Support Sustainability (page 21); Our People (page 41); A Respectful, Inclusive and Engaging Workplace (page 47)
102-17 Mechanisms for advice and concerns about ethics	<a href="#">Code of Business Conduct and Ethics Policy</a> ; Our Code of Business Conduct and Ethics Policies (page 20)
<b>Governance</b>	
102-18 Governance structure	<a href="#">2018 Management Information Circular, Our governance policies and practices (page 30)</a> ; Our Governance (page 17); Our Approach to Sustainability (page 18)
102-19 Delegating authority	<a href="#">2018 Management Information Circular, Our governance policies and practices (page 30)</a>
102-20 Executive-level responsibility for economic, environmental, and social topics	Our Approach to Sustainability (page 18)

102-21 Consulting stakeholders on economic, environmental, and social topics	Our New Reporting Practice (page 8); Engaging With Shareholders On Sustainability (page 19); Our Community Engagement (page 51)
102-22 Composition of the highest governance body and its committees	<a href="#">2018 Management Information Circular, Governance (page 30)</a>
102-23 Chair of the highest governance body	<a href="#">2018 Management Information Circular, Director profiles (page 13)</a>
102-24 Nominating and selecting the highest governance body	<a href="#">2018 Management Information Circular, Governance and nominating committee (page 29)</a>
102-25 Conflicts of interest	<a href="#">Code of Business Conduct and Ethics Policy</a> ; Our Policies to Support Sustainability (page 20-21)
102-26 Role of highest governance body in setting purpose, values, and strategy	<a href="#">2018 Management Information Circular, Roles and Responsibilities (page 34)</a>
102-27 Collective knowledge of highest governance body	<a href="#">2018 Management Information Circular, Director profiles (page 13)</a>
102-28 Evaluating the highest governance body's performance	<a href="#">2018 Management Information Circular (page 40)</a>
102-29 Identifying and managing economic, environmental, and social impacts	Our Approach to Sustainability (page 18)
102-32 Highest governance body's role in sustainability reporting	Message from Barry Perry, President and CEO (page 4)
102-33 Communicating critical concerns	<a href="#">Policy On Reporting Allegations of Suspected Improper Conduct and Wrongdoing</a> <a href="#">2018 Management Information Circular, Committed to strong governance and communication (page 3)</a> ; Our Code of Business Conduct and Ethics Policies (page 20)
102-35 Remuneration policies	<a href="#">2018 Management Information Circular, Executive Compensation (page 45)</a>
102-36 Process for determining remuneration	<a href="#">2018 Management Information Circular, Executive Compensation (page 45)</a>
102-37 Stakeholders involvement in remuneration	<a href="#">2018 Management Information Circular, Have a say on executive pay (page 11)</a>
<b>Stakeholder engagement</b>	
102-41 Collective bargaining agreements	<a href="#">2017 Annual Information Form (page 24)</a> ; Our People; Respecting Our Employee's Freedom to Associate (page 41)
102-42 Identifying and selecting stakeholders	<a href="#">2018 Management Information Circular, Committed to strong governance and communication (page 3)</a> ; Our Community Engagement (page 51)
102-43 Approach to stakeholder engagement	<a href="#">2018 Management Information Circular, Committed to strong governance and communication, (page 3)</a> ; Our Community Engagement (page 51)
<b>Reporting practice</b>	
102-45 Entities included in the consolidated financial statements	<a href="#">2017 Annual Report, Corporate Overview (page 18)</a>
102-46 Defining report content and topic Boundaries	Our New Reporting Practice (page 8)
102-47 List of material topics	Our New Reporting Practice (page 8)
102-48 Restatements of information	Our New Reporting Practice (page 8) A Lower-Carbon Economy - The Carbon Intensity of Operations (page 24)
102-49 Changes in reporting	Our New Reporting Practice (page 8)
102-50 Reporting period	Our New Reporting Practice (page 9)
102-51 Date of most recent report	Cover page
102-52 Reporting cycle	Our New Reporting Practice (page 9)
102-53 Contact point for questions regarding the report	Contact Us (page 72)
102-55 GRI content index	Appendix B - Global Reporting Initiative Cross Reference (page 64)
<b>Material Topics</b>	
<b>GRI 200 Economic Standard Series</b>	
<b>Economic Performance</b>	
201-1 Direct economic value generated and distributed	Quick Facts (page 11)
201-2 Financial implications and other risks and opportunities due to climate change	Message from Barry Perry, President and CEO (page 4); Fortis - An Energy Delivery Company (page 10); An Energy Partner for the Future (page 23); A Lower-Carbon Economy - The Carbon Intensity of Operations (page 24); Intergrating more renewables onto the grid (page 26); Natural Gas for Transportation - A Cleaner Energy Solution (page 32); Renewable Natural Gas (page 33); Physical Adaptation to Climate Change (page 34)

<b>Market Presence</b>	
202-2 Proportion of senior management hired from the local community	Our Way of Operating (page 15)
<b>Indirect Economic Impacts</b>	
203-1 Infrastructure investments and services supported	<a href="#">2017 Annual Report, Report to Shareholders, Investing in Our Energy Networks (page 11)</a> ; <a href="#">Q3 2018 Investor Relations Presentation</a> ; Reliability, Customer Service and Cybersecurity (page 38); Physical Adaptation to Climate Change (page 34)
203-2 Significant indirect economic impacts	An Energy Partner for the Future (page 23)
<b>Anti-corruption</b>	
205-2 Communication and training about anti-corruption policies and procedures	<a href="#">Code of Business Conduct and Ethics Policy</a> ; Our Policies to Support Sustainability (page 21); Our Code of Business Conduct and Ethics Policies (page 20)
<b>Anti-competitive Behavior</b>	
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	<a href="#">Code of Business Conduct and Ethics Policy</a> ; Our Policies to Support Sustainability (page 21); Our Code of Business Conduct and Ethics Policies (page 20)
<b>GRI 300 Environmental Standards Series</b>	
<b>Materials</b>	
301-1 Materials used by weight or volume	Appendix A - Key Performance Indicators Summary - Net Electricity Generated - from different sources (page 61)
<b>Energy</b>	
302-2 Energy consumption outside of the organization	Appendix A - Key Performance Indicators Summary, Environmental Indicators, (page 63)
302-3 Energy intensity	Appendix A - Key Performance Indicators Summary, Environmental Indicators, (page 63)
302-4 Reduction of energy consumption	Appendix A - Key Performance Indicators Summary, Environmental Indicators, (page 63)
302-5 Reductions in energy requirements of products and services	Appendix A - Key Performance Indicators Summary, Environmental Indicators, (page 63)
<b>Water</b>	
303-1 Water withdrawal by source	Our Environment, Waste and Water Management (page 26); Appendix A - Key Performance Indicators Summary, Environmental Indicators (page 63); <a href="#">2017 Annual Report, Management Discussion and Analysis (page 50)</a>
<b>Biodiversity</b>	
304-2 Significant impacts of activities, products, and services on biodiversity	Our Environment, Biodiversity Efforts (page 33)
<b>Emissions</b>	
305-1 Direct (Scope 1) GHG emissions	Our Environment, A Lower-Carbon Economy - The Carbon Intensity of Operations (page 24); Appendix A - Key Performance Indicators Summary, Environmental Indicators (page 63)
305-2 Energy indirect (Scope 2) GHG emissions	Our Environment, A Lower-Carbon Economy - The Carbon Intensity of Operations (page 24); Appendix A - Key Performance Indicators Summary, Environmental Indicators (page 63)
305-3 Other indirect (Scope 3) GHG emissions	Appendix A - Key Performance Indicators Summary, Environmental Indicators, (page 63)
305-4 GHG emissions intensity	Our Environment, A Lower-Carbon Economy - The Carbon Intensity of Operations (page 24); Appendix A - Key Performance Indicators Summary, Environmental Indicators (page 63)
305-5 Reduction of GHG emissions	Our Environment, A Lower-Carbon Economy - The Carbon Intensity of Operations (page 24); Appendix A - Key Performance Indicators Summary, Environmental Indicators (page 63)
305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Our Environment, Air Emissions Other Than GHG (page 25); Appendix A - Key Performance Indicators Summary, Environmental Indicators (page 63)
<b>Effluents and Waste</b>	
306-3 Significant spills	Our Environment, Waste and Water Management (page 26); Appendix A - Key Performance Indicators Summary, Environmental Indicators (page 63)
<b>Environmental Compliance</b>	
307-1 Non-compliance with environmental laws and regulations	Our Approach to Sustainability, Compliance With Laws and Regulations (page 21); Our Environmental Management Systems (page 23)

<b>GRI 400 Social Standards Series</b>	
<b>Employment</b>	
401-1 New employee hires and employee turnover	Our People (page 40); Appendix A: Key Performance Indicators Summary, Employees (page 62)
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	<a href="#">2017 Annual Report, Management Discussion and Analysis (pages 62,63)</a>
401-3 Parental leave	Our People, A Respectful, Inclusive and Engaging Workplace, page 46
<b>Labor/Management Relations</b>	
402-1 Minimum notice periods regarding operational changes	Our People, Respecting Our Employee's Freedom to Associate, page 41
<b>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	Our People, Putting Safety First (page 42); Appendix A, Employee Safety (page 62)
<b>Training and Education</b>	
404-2 Programs for upgrading employee skills and transition assistance programs	Our People, Developing Our People (page 45)
<b>Diversity and Equal Opportunity</b>	
405-1 Diversity of governance bodies and employees	Our People, A Respectful, Inclusive and Engaging Workplace (page 46); Our People, A Diverse Group of Employees Creates a Stronger Team (page 47); Our People, The Value of Gender Diversity (page 48); Appendix A, Board Composition at Fortis Inc. (page 62)
<b>Non-discrimination</b>	
406-1 Incidents of discrimination and corrective actions taken	Our People, A Respectful, Inclusive and Engaging Workplace (page 46)
<b>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	Our People, Respecting Our Employee's Freedom to Associate (page 41)
<b>Child Labor</b>	
408-1 Operations and suppliers at significant risk for incidents of child labor	Our Approach to Sustainability, Compliance With Laws and Regulations (page 21)
<b>Rights of Indigenous Peoples</b>	
411-1 Incidents of violations involving rights of indigenous peoples	Our Community Engagement, Working Together With Our Indigenous Partners (page 53); Wataynikaneyap Power - A Partnership for Prosperity in Northwestern Ontario (page 54)
<b>Human Rights Assessment</b>	
412-2 Employee training on human rights policies or procedures	Our Code of Business Conduct and Ethics Policies (page 20)
<b>Local Communities</b>	
413-1 Operations with local community engagement, impact assessments, and development programs	Our Community Partnerships Run Deep (page 57)
<b>Public Policy</b>	
415-1 Political contributions	<a href="#">Code of Business Conduct and Ethics Policy</a> , Our Code of Business Conduct and Ethics Policies (page 20)
<b>Customer Health and Safety</b>	
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Reliability, Customer Service and Cybersecurity, Cybersecurity at Fortis (page 42)
<b>Customer Privacy</b>	
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Reliability, Customer Service and Cybersecurity, Cybersecurity at Fortis (page 39)

# Appendix C: Significant Sustainability Issues



## Significant Sustainability Issues

The following issues and topics were identified as significant to stakeholders and to the business at the Fortis group level:

### Environment

- The shift to the 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

### 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



ITC, headquartered in Novi, Michigan, is the largest independent electricity transmission company in the United States. The FERC-regulated utility owns and operates high-voltage systems in Michigan's Lower Peninsula and portions of Iowa, Minnesota, Illinois, Missouri, Kansas and Oklahoma. In 2017, ITC owned and operated 25,000 kilometres of transmission lines and met a peak demand of 22,179 MW.

[itc-holdings.com](http://itc-holdings.com)



UNS Energy is a vertically integrated utility services holding company, headquartered in Tucson, Arizona. It is engaged through its subsidiaries in the regulated electric generation and energy delivery business, primarily in the State of Arizona, serving approximately 674,000 electricity and gas customers. UNS Energy is primarily comprised of three wholly owned regulated utilities: TEP, UNS Electric and UNS Gas. In 2017, UNS Energy met a peak day natural gas demand of 105 TJ and a peak electricity demand of 3,378 MW. [uns.com](http://uns.com)



Central Hudson is a regulated transmission and distribution utility serving approximately 300,000 electricity customers and 80,000 natural gas customers in eight counties of New York State's Mid-Hudson River Valley. In 2017, the utility met a peak day natural gas demand of 144 TJ and a peak electricity demand of 1,034 MW. [cenhud.com](http://cenhud.com)



FortisBC is an integrated energy solutions provider focused on providing natural gas, electricity, propane and alternative energy solutions to approximately 1,180,000 customers in more than 135 communities in British Columbia. In 2017, FortisBC met a peak day natural gas demand of 1,336 TJ and a peak electricity demand of 731 MW. [fortisbc.com](http://fortisbc.com)



FortisAlberta is a regulated distribution utility providing electricity in central and southern Alberta. The utility's distribution network serves approximately 556,000 customers and met a peak demand of 2,725 MW in 2017. [fortisalberta.com](http://fortisalberta.com)





Newfoundland Power is an integrated electric utility and the principal distributor of electricity on the island portion of Newfoundland and Labrador, serving approximately 266,000 customers in approximately 600 communities. Newfoundland Power met a peak demand of 1,423 MW in 2017.

[newfoundlandpower.com](http://newfoundlandpower.com)



Maritime Electric is an integrated electric utility that directly supplies approximately 80,000 customers, constituting approximately 92% of electricity consumers on Prince Edward Island. The Company purchases most of the energy it distributes to its customers from NB Power, a New Brunswick Crown corporation, through various energy purchase agreements. Approximately 23% of the energy distributed by Maritime Electric comes from on-Island wind generation. Maritime Electric met a peak demand of 282 MW in 2017. [maritimeelectric.com](http://maritimeelectric.com)



FortisOntario provides integrated electric utility service to approximately 66,000 customers in Fort Erie, Cornwall, Gananoque, Port Colborne and the District of Algoma in Ontario. The Company owns a 10% interest in three regional electric distribution companies, serving approximately 40,000 customers. FortisOntario met a combined peak demand of 240 MW in 2017. [fortisontario.com](http://fortisontario.com)



Caribbean Utilities Company, an approximate 60% owned subsidiary, generates, distributes, transmits and supplies electricity on Grand Cayman, Cayman Islands. The Company serves approximately 29,000 customers and met a peak demand of 101 MW in 2017. [cuc-cayman.com](http://cuc-cayman.com)



FortisTCI generates and transmits electricity to approximately 15,000 customers on the islands of Providenciales, North Caicos, Middle Caicos, East Caicos, South Caicos, Grand Turk and Salt Cay and met a combined record peak demand of 41 MW in 2017. [fortistci.com](http://fortistci.com)



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