

## Forward Looking Information

Fortis includes forward-looking information in this presentation within the meaning of applicable Canadian securities laws and forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (collectively referred to as "forward-looking information"). Forward-looking information reflects expectations of Fortis management regarding future growth, results of operations, performance and business prospects and opportunities. Wherever possible, words such as anticipates, believes, budgets, could, estimates, expects, forecasts, intends, may, might, plans, projects, schedule, should, target, will, would, and the negative of these terms, and other similar terminology or expressions have been used to identify the forward-looking information, which includes, without limitation: the timing and projected benefits of the Wataynikaneyap Transmission Power Project; forecast capital expenditures and expected funding sources for 2022-2026; the 2050 net-zero GHG emissions target; the 2035 GHG emissions reduction target and projected asset mix; TEP's cleaner energy initiatives and projected asset mix; FortisBC's 2030 GHG emissions and renewable gas targets; additional opportunities beyond the capital plan, including transmission opportunities in the Midwest and the Lake Erie Connector Project; forecast rate base and rate base growth for 2022-2026; targeted average annual dividend growth through 2025; actions being taken toward achieving the GHG-reduction targets; and expectations regarding the cost-impacts on customers of actions taken to meet the GHG-reduction targets.

Forward-looking information involves significant risks, uncertainties and assumptions. Certain material factors or assumptions have been applied in drawing the conclusions contained in the forward-looking information, including, without limitation: no material impact from volatility in energy prices, the global supply chain or rising inflation; reasonable regulatory decisions and the expectation of regulatory stability; the successful execution of the capital plan; no material capital project or financing cost overrun; sufficient human resources to deliver service and execute the capital plan; no significant variability in interest rates; and the Board exercising its discretion to declare dividends, taking into account the business performance and financial condition of the Corporation. Fortis cautions readers that several 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

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**Unless otherwise specified, all financial information is in Canadian dollars and rate base refers to midyear rate base.**

REFINITIV STREETEVENTS

# EDITED TRANSCRIPT

FTS.TO - Fortis Inc Annual Shareholders Meeting

EVENT DATE/TIME: MAY 05, 2022 / 1:00PM GMT

## CORPORATE PARTICIPANTS

**David G. Hutchens** *Fortis Inc. - President, CEO & Director*

**Douglas J. Haughey** *Fortis Inc. - Independent Chairman of the Board*

**James R. Reid** *Fortis Inc. - Executive VP, Chief Legal Officer & Corporate Secretary*

**Jocelyn H. Perry** *Fortis Inc. - Executive VP & CFO*

**Julie Avery**

**Stephanie A. Amaimo** *Fortis Inc. - VP of IR*

## CONFERENCE CALL PARTICIPANTS

**Anthony Keeping**

**Alison Fitzgerald**

**Ashley Pike**

**Denise O'Keefe**

**Gordon Payne**

**Kealey Martin**

**Peter Upshall**

**Gregy Murphy**

**Craig Vey**

## PRESENTATION

**Stephanie A. Amaimo** - *Fortis Inc. - VP of IR*

Good morning, and welcome to the Annual and Special Meeting of Shareholders of Fortis Inc. My name is Stephanie Amaimo, and I'm Vice President, Investor Relations with Fortis. As a visitor of this land, I would like to begin by acknowledging lands on which we gather as traditional territories of diverse indigenous groups.

We acknowledge with respect the diverse histories and cultures of the Beothuk, Mi'kmaq, Innu and Inuit of the province of Newfoundland and Labrador. If you're joining us virtually, please take a moment to acknowledge the importance of the lands to which you call home. At Fortis, we strive to respect relationships with all people as we search for collective healing and true reconciliation and honor this beautiful land together. I am pleased to be joining you in person today to support the facilitation of our hybrid meeting.

All shareholders, whether present, in person or online will, be able to ask questions, vote and participate. Before we begin -- call the meeting to order, I will briefly review procedures regarding voting and asking questions.

Registered shareholders and duly appointed proxy holders are eligible to vote during the meeting. If you already voted ahead of the meeting, your vote has been counted and you do not need to vote again. If you have not yet voted and would like to cast your vote, shareholders in person with us today can return paper copy ballots to the scrutineers table to my left.

Shareholders joining virtually may vote by online ballot for each matter brought forward at this meeting. To vote online, you must have logged in as a registered shareholder. Further instructions can be found on the left-hand side of your screen. Only registered shareholders and duly appointed proxy holders will be able to address the meeting and ask questions during the formal conduct of business. If you are in person today, you may raise your hand and proceed to the nearest microphone. If you are online, you can click the messaging tab at the top of your screen and type your

question. We will address questions that directly relate to a particular motion at the appropriate time of the meeting, and we will address general questions from either shareholders or guests following management's presentation.

For questions submitting online, I will read the questions allowed and the Chair of the Board or the President and CEO, as appropriate, will respond. If we receive questions of a similar theme, we may combine or otherwise paraphrase your question in the interest of addressing as many questions as possible. We have reserved 20 minutes for questions and answers. A complete list of our questions received and our responses will be posted to the website following the meeting, including any questions received that were not able to be addressed during the Q&A period.

I will now invite the Chair of our Board, Doug Haughey, to call this meeting to order.

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**Douglas J. Haughey** - Fortis Inc. - Independent Chairman of the Board

Thanks, Stephanie. How is everyone today? It's great to be back. So good morning, everyone. I'm very pleased to call this 35th Annual and Special Meeting of Fortis to order. My name is Doug Haughey. I'm the Chair of the Board of Directors of Fortis, and I'll serve as Chair of this meeting.

So welcome, everyone. It's great to be here. On behalf of my Board colleagues, I'd like to welcome all of you to the Holiday Inn St. John's. And we'd also like to welcome everyone attending virtually via the Lumi platform. We're hosting this meeting in a hybrid format, both in person and online, to allow shareholders the opportunity to participate from the location of their choice. We thank you all for joining us today.

Now the Fortis Board of Directors leadership and leadership team are deeply proud of Fortis' roots in Newfoundland and Labrador. It feels great to get back here in the province. It's the first in-person gathering of our Board and leadership team in more than 2 years. And being reunited is a very welcome change. Now although we have reduced seating capacity today, respecting pandemic health and safety concerns, I'm delighted to see so many familiar faces in the room. It's really great.

This past year, Fortis continued to navigate the ongoing COVID-19 pandemic while delivering essential energy to over 3.4 million customers in Canada, the United States and the Caribbean. The Board could not be prouder of the efforts of our people to serve our customers and communities while continuing to deliver strong results for our shareholders. Now before we get to the formal part of the agenda, I'd like to briefly comment on some important areas of focus for Fortis during the past year.

The Board remains dedicated to driving progress in environment, social and governance matters. In 2021, the Governance and Nominating Committee became the Governance and Sustainability Committee to better reflect our strategic focus on environmental and social issues. We also introduced the new measure in executive compensation to link incentive compensation to carbon reduction and climate change priorities. You'll learn more about our performance over the year and our goals for the future during management's presentation.

The Fortis Board also enhanced its Board diversity objectives. This year, we're very proud to put forward 13 highly qualified director nominees who provide diverse views, strong, relevant experience to the Fortis Board. Among the nominated directors are 7 women, 2 individuals who self-identify as visible minorities. This diversity is an important milestone as we continue to progress toward ensuring that our Board, our management team and our workforce better reflect the communities we serve.

Now as we reflect on the progress over the past year and the opportunities that lie ahead, your Board remains committed to the long-term interest of shareholders and delivering a cleaner energy future. With me at the podium this morning are Dave Hutchens, your President and Chief Executive Officer; and Jocelyn Perry, Executive Vice President and Chief Financial Officer; and Jim Reid, Executive Vice President, Chief Legal Officer and Corporate Secretary. Other members of our Board of Directors and management team are also present with us in person today.

The formal business of this meeting will follow the agenda as set forth in the Notice of Meeting, including the proxy circular -- in the proxy circular with 5 main items of business. We'll begin with receiving the financial statements for the year ended December 31, 2021, followed by the election of your directors, the appointment of your auditors for 2022 and authorization of directors to fix the remuneration and our annual advisory vote on the company's approach to executive compensation.

The final piece of business will be the consideration by shareholders of a resolution approving an increase in the number of common shares available under the employee share purchase plan. Following the conclusion of the formal portion of the meeting, we'll hear management's remarks from David and Jocelyn.

Now as in prior years, to expediate the meeting, several shareholders have agreed to move and second the formal motions, and I will call on them as appropriate. Computershare Trust Company of Canada acts as our transfer agent and registrar of our common shares. And with your consent, I appoint Colleen Nielsen of Computershare and Bernard Young of Fortis to act as scrutineers for this meeting.

I further appoint Jim Reid, Executive Vice President, Chief Legal Officer and Corporate Secretary of Fortis, to act as secretary for the meeting. And now I'll ask Jim to read the scrutineer's report. Jim?

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**James R. Reid** - Fortis Inc. - Executive VP, Chief Legal Officer & Corporate Secretary

We have received an affidavit from Computershare, our transfer agent, that the documents required to be delivered to shareholders were mailed on or before March 31, 2022 to the shareholders of record as of March 18, 2022. The scrutineers have confirmed that there is a quorum present. Notice of the Meeting having been given within the time prescribed in the bylaw and a quorum being present, I can confirm that this meeting is validly constituted for the transaction of business.

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**Douglas J. Haughey** - Fortis Inc. - Independent Chairman of the Board

Great. Thank you, Jim. So the Secretary has reported that the notice was properly given and that a quorum is present.

So I therefore, declare this meeting validly constituted for the transaction of business. During the meeting, I may pause from time to time to check in with the Secretary as we coordinate both the in-person and virtual experience for our participants.

So we'll begin today by presenting our consolidated financial statements for the year ended December 31, 2021. The 2021 annual report was mailed to shareholders who indicated their preference to receive a printed copy, while others were able to access the electronic version via our website. The Fortis consolidated financial statements begin on Page 59 of the annual report. The unqualified opinion of the auditors, Deloitte LLP, is found on Page 56 of the report.

Now before we move to our next item of business, I'll take a moment to explain our voting practice. The majority of votes are voted today by proxy. These votes have been tabulated by Computershare up to the proxy cut-off time of 10:30 a.m., Newfoundland Daylight Time on Tuesday, May 3, 2022. Commencing with the introduction of our majority voting policy for the election of directors at the 2010 annual meeting, we implemented a ballot vote to ensure that all shares voted at the meeting, both in person and virtually, as well as all shares voted by proxy, are tabulated and reported. I'm pleased to report that all resolutions today received strong support from shareholders voting by proxy. And since the majority of shareholders have expressed their wishes by proxy, we can confirm that all matters considered by the shareholders at this meeting have been approved.

We do, though, want to tabulate all votes cast by proxy as well as all votes cast live during the meeting. To complete your vote in person today, we ask that you pass your ballots to the scrutineer or raise your hand so that your ballots may be collected.

For those attending virtually, we will open up voting for all resolutions at the conclusion of the reading of the first motion. Voting will close after the reading of the final motion. And as a reminder, if you have already voted by proxy, you do not need to revoke.

Okay. So let's move to the election of directors for 2022. The Board of Directors of Fortis is proud to put forward 13 highly qualified candidates for election to the Board this year. The nominated directors are pictured on the current slide, their biographies are included in the proxy circular.

12 of the nominated directors currently serve on the Board, our slate of directors is committed, active and engaged and working hard on your behalf to oversee the affairs of the corporation. One of our nominees is standing for election for the first time, Lisa Crutchfield. Lisa has over 30 years of leadership experience in energy and utility industries and is a Managing Principal of Hudson Strategic Advisers LLC, an economic analysis and strategic advisory firm to the energy, financial services and government sectors. We welcome the extensive experience that Lisa will bring to our Board, and we're very pleased to propose her for nomination.

Now I can report that all of the nominated directors are independent, except for Dave Hutchens, your President and CEO. The resolution to elect directors is set out on Page 13 of the circular. And I believe Anthony Keeping has a motion to place before us.

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### **Anthony Keeping**

I am a shareholder of Fortis and I hereby move that Tracey C. Ball, Pierre J. Blouin, Paul J. Bonavia, Lawrence T. Borgard, Maura J. Clark, Lisa Crutchfield, Margarita K. Dilley, Julie A. Dobson, Lisa L. Durocher, Douglas J. Haughey, David G. Hutchens, Gianna M. Manes and Jo Mark Zurel be elected as directors of Fortis to hold office until the close of the next annual meeting or until the successors are elected or appointed.

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### **Douglas J. Haughey** - Fortis Inc. - Independent Chairman of the Board

Thanks very much, Anthony. I'll ask Julie Avery to second that motion.

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### **Julie Avery**

I second the motion.

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### **Douglas J. Haughey** - Fortis Inc. - Independent Chairman of the Board

Thank you, Julie. So we'll now proceed to a vote. I remind you that the Board of Directors and management recommend that you vote for all of the nominated directors. For those of you online who are registered shareholders or appointed proxy holders and have not yet voted during the meeting, you can vote now by selecting the polling icon on the navigation bar at the top of your screen.

For those of you in the room who are entitled to vote, if you haven't already returned your ballot, please raise your hand so that the scrutineers can collect it from you.

I'm advised that the tabulation of shares represented by proxy confirms that each of the nominees received more votes in favour than votes withheld, and that no nominee received less than 97% favourable vote. So based on the proxy vote, I can declare your directors elected.

So now I'm going to ask each one of our directors present to stand as I call their name, and please hold your applause until we've introduced all of them: Tracey Ball; Pierre Blouin; Paul Bonavia; Lawrence Borgard; Margarita Clark -- or sorry, Maura Clark; Lisa Crutchfield; Margarita Dilley; Julie Dobson; Lisa Durocher; David Hutchens; Gianna Manes; Jo Mark Zurel; and yours truly, Doug Haughey.

Ladies and gentlemen, your Fortis Board of Directors, and I'm very proud to be serving with each and every one of them.

Our next item of business is to appoint the auditors for 2022 and to authorize directors to fix the remuneration. In this regard, I believe that Peter Upshall has a motion. Peter?

**Peter Upshall**

I hereby move that Deloitte LLP be appointed auditors of Fortis until the close of the next annual meeting or until their successors are appointed and that the directors be and are hereby authorized to fix the remuneration of the auditors at such amount as they may, in their discretion, determine.

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**Douglas J. Haughey** - Fortis Inc. - Independent Chairman of the Board

Thank you, Peter. I'll ask Ashley Pike to second the motion.

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**Ashley Pike**

I second the motion.

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**Douglas J. Haughey** - Fortis Inc. - Independent Chairman of the Board

Thank you, Ashley. So is there any discussion? Hearing none, we'll now proceed to a vote. The Board of Directors and management recommend that you vote for the appointment of the auditors. And based on the proxy information that we've received, over 99% of the proxy votes were cast in favour of the appointment of Deloitte LLP as auditors. I therefore declare that Deloitte LLP are appointed auditors for Fortis Inc. for 2022 and that the directors are authorized to fix the remuneration.

And the next item of business is the advisory vote on the Fortis approach to executive compensation. As part of the company's ongoing commitment to strong corporate governance, the Board adopted an annual nonbinding advisory vote to accept the company's approach to executive compensation. The resolution is discussed on Page 14 of the circular, and I'll ask Alison Fitzgerald to propose the resolution in this regard. Alison?

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**Alison Fitzgerald**

I hereby move, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors of Fortis, that shareholders of Fortis accept the approach to executive compensation as described in the Compensation, Discussion and Analysis section of the management information circular of Fortis dated March 18, 2022.

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**Douglas J. Haughey** - Fortis Inc. - Independent Chairman of the Board

Great. Thank you, Alison. And I'll ask Kealey Martin to second the motion.

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**Kealey Martin**

I second the motion.

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**Douglas J. Haughey** - Fortis Inc. - Independent Chairman of the Board

Thanks, Kealey. Is there any discussion related to this item of business? Okay. Hearing none. Thank you.

We'll now proceed to a vote. The Board of Directors and management again recommend that you vote for the advisory vote on the corporation's approach to executive compensation. The proxy results indicate that almost 93% of shares voted by proxy accept the company's approach to executive compensation and, therefore, I declare the motion carried.



So our last segment of formal business, everyone, is a resolution approving an increase in the number of common shares available under the second amended and restated 2012 employee share purchase plan. The full text of the relevant resolution is set forth on Pages 14 and 15 of the circular. To be effective, the ordinary resolution must be approved by a majority of the votes. In other words, 50% plus 1, cast by or on behalf of shareholders present in person or by proxy at the meeting. I'll ask Craig Vey to propose the resolution. Craig?

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**Craig Vey**

I hereby move that the ordinary resolution, which is set out on Page 15 of the management information circular of Fortis dated March 18, 2022, be approved and adopted.

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**Douglas J. Haughey** - Fortis Inc. - Independent Chairman of the Board

Thanks, [Craig]. I'll ask Denise O'Keefe to second the motion, please.

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**Denise O'Keefe**

I second the motion.

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**Douglas J. Haughey** - Fortis Inc. - Independent Chairman of the Board

Thanks, Denise. Is there any discussion related to this item? Hearing none, we'll now proceed to a vote. The Board of Directors and management again recommend that you vote for the resolution approving an increase in the number of common shares available under the amended and restated 2012 employee share purchase plan. The proxy results indicate that almost 99% of the shares voted by proxy approve the increase in the share reserve under the employee share purchase plan and I, therefore, declare the motion carried.

So everyone, all motions voted have now been moved and seconded and based on proxy results have all been carried. We'll now proceed to close online voting for this meeting, and I'll ask scrutineers to confirm to the Secretary the results of the voting.

Everyone, while this is taking place, I'd like to take the opportunity to thank our shareholders who took the time to vote their shares today, whether you voted in person or by proxy. We really do sincerely appreciate your continuing support of Fortis.

I'll now ask our Secretary to confirm the voting results of the 5 motions placed before the meeting this morning. Final vote results will be published this afternoon in a press release available on the Fortis website as well as filed on SEDAR and EDGAR. Jim, could you please confirm the results of the motions?

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**James R. Reid** - Fortis Inc. - Executive VP, Chief Legal Officer & Corporate Secretary

Mr. Chair, based on votes received by proxy prior to the proxy cutoff time and votes received online and in person today, all motions have been carried.

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**Douglas J. Haughey** - Fortis Inc. - Independent Chairman of the Board

Great. Thank you, Jim. So everyone, based on the report of our Secretary, I can confirm that all motions brought before the meeting have been carried.

So this concludes the formal business of the meeting. Before I pass things over to David and Jocelyn for management's presentation, I'll ask Greg Murphy for a motion to terminate. Greg?

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**Gregy Murphy**

Good morning, everyone. I hereby move that the meeting be terminated.

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**Douglas J. Haughey - Fortis Inc. - Independent Chairman of the Board**

Thank you very much. Gordon Payne, could you second the motion?

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**Gordon Payne**

I second the motion.

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**Douglas J. Haughey - Fortis Inc. - Independent Chairman of the Board**

Thanks, [Greg]. Thanks, Gordon. So everyone, I declare this 35th Annual and Special Meeting of Fortis Inc. terminated. I'll be back with a couple of wrap-up comments at the end. Thank you.

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**Stephanie A. Amaimo - Fortis Inc. - VP of IR**

Thank you, Doug. As a reminder for those online, to ask a question, select the messaging icon at the top of your screen. Type your message in the text box and then click the send button. If you're in the room today and would like to ask a question at the end of management's presentation, please proceed to the nearest microphone.

I note that David and Jocelyn's statements this morning may include forward-looking information. Details regarding forward-looking information are on screen and can also be found in our annual report and as updated in our first quarter report to shareholders. Actual results can differ materially from our forecast projections included in the forward-looking information presented today. Unless otherwise indicated, all financial information referenced is in Canadian dollars.

I will now pass things over to David and Jocelyn for management's presentation.

(presentation)

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**David G. Hutchens - Fortis Inc. - President, CEO & Director**

Good morning, shareholders and guests. Thank you for joining us today. That video is so uplifting and sums up perfectly who we are and what we stand for. It's a great way to start our presentation of the 2021 performance of your company. To kick things off, I'll start by introducing our Fortis executive team.

Please stand as I call your name. Previously introduced by Doug, we have Jocelyn Perry, Executive Vice President and Chief Financial Officer; Jim Reid, Executive Vice President, Chief Legal Officer and Corporate Secretary. We also have Gary Smith, Executive Vice President, Operations and Innovation. Gary recently took on additional responsibilities with the retirement of Jim Laurito, our Executive Vice President of Business Development and Chief Technology Officer. We thank Jim for his insights, leadership and commitment to Fortis.

And Nora Duke, our Executive Vice President, Sustainability and Chief Human Resource Officer. After an incredible 36-year career with Fortis, Nora is transitioning to retirement at the end of June. Nora has played a significant role in the growth and success of Fortis. We are grateful for your dedication, leadership and guidance. Thank you, Nora. We wish you all the best in your upcoming retirement.

Jim Reid will assume oversight of sustainability, human resources, communications and government relations in addition to his legal and governance portfolio effective July 1, 2022.

Next up, I will introduce the CEOs of our utility subsidiaries. This week marks the first time we have all been together in person as a group since September of 2019, and it's been fantastic. I ask that you stand as you're introduced.

Starting with Linda Apsey, ITC Holdings; Roger Dall'Antonia, FortisBC; Ruth Forbes, Fortis Turks and Caicos; Charlie Freni, Central Hudson; Susan Gray, UNS Energy; Richard Hew, Caribbean Utilities; Kay Menzies, BECOL and Belize; Gary Murray, Newfoundland Power; Jason Roberts, Maritime Electric; and Janine Sullivan, FortisAlberta. Not in attendance today is our FortisOntario President and CEO, Scott Hawkes.

Our leadership team spans east to west and north to south in 17 jurisdictions throughout North America. Great local leadership has been critical to our success, particularly in these recent years. Thank you for your dedication and commitment to the communities that we serve.

There are key features of Fortis that shape our business and growth strategy, creating a low-risk highly diversified value proposition for you, our shareholders. We are a premium North American electric and gas energy delivery business. With \$58 billion in assets, Fortis is 99% regulated, and operates with a decentralized business model. Each of those CEOs I just introduced lead their companies locally. I strongly believe that in order to make the best decisions, management teams need to be close to the customers, regulators and communities that they serve. When you layer on our Fort network, it allows us to share our best practices across our 9,100 employees and create more value than we ever could individually. And we're leveraging our great businesses and local teams to find opportunities to grow.

We remain committed to operational excellence. Foundational to our performance is a strong reliability and safety culture as evidenced by another year of outperformance relative to industry averages.

While we always maintain a critical focus on cyber and physical infrastructure security, we continue to enhance these protections through updated technology, awareness training and quick information dissemination.

Last year, we delivered steady growth while progressing our clean energy goals. We invested \$3.6 billion of capital to support the continued delivery of reliable electricity and natural gas to our customers, which included \$600 million in cleaner energy investments. For 2022, we are on track with our plan to invest \$4 billion in our systems with \$1 billion already invested in the first quarter. Wataynikaneyap Power is constructing an 1,800-kilometer transmission line that will connect 17 remote First Nation communities to the Ontario Power Grid for the first time. The project is majority owned by 24 First Nations in Northwestern Ontario. Fortis has a 39% ownership interest, and we are the project manager. We're 2 years into a 4-year construction schedule and the project is more than 50% complete.

During the peak construction period in 2021, there were approximately 1,000 workers at various remote construction sites. We advanced many ESG priorities over the past year. Just yesterday, we announced a 2050 net zero greenhouse gas emissions target. This commitment builds on our existing reduction target to reduce Scope 1 emissions 75% by 2035. And I am pleased to report that we have reduced Scope 1 emissions by 20% already since 2019.

In 2021, Fortis utility Tucson Electric Power added 450 megawatts of wind and solar generation, close to doubling its renewable generation year-over-year. Tucson Electric Power plans to add an additional 2,000 megawatts of wind and solar and 1,400 megawatts of battery storage by 2035.

Fortis also became a supporter of the task force on climate-related financial disclosures in 2021. We recently issued our first TCFD and climate assessment report, which provides information to stakeholders about our strategy and our ability to successfully operate long term in a world increasingly impacted by climate change.

Transmission will be a critical component of the clean energy transition in the U.S. and ITC's footprint spans 7 states in the Midwest that are right in the middle of key transmission opportunities. ITC also continues to make progress on the Lake Erie Connector project, which would deliver 1,000 megawatts of power between Ontario and PJM markets in the United States.

We continue to take meaningful action to progress our sustainability strategy. And that strategy goes well beyond the exciting things happening in our electricity businesses. Approximately 20% of our business is natural gas, primarily located at FortisBC. This utility is the largest distributor of natural gas in British Columbia and is driving innovation and taking steps to create a lower carbon future while providing customers with safe and reliable energy. As an example, FortisBC is investing in hydrogen and renewable natural gas opportunities.

There's going to be tremendous innovation and new technology in the energy sector as North America transitions to cleaner energy, and Fortis will play an important role in this transition and will benefit from the long runway of investment and growth opportunities.

Now I will turn things over to Jocelyn for an update on our financial performance as well as our 5-year capital plan.

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**Jocelyn H. Perry** - Fortis Inc. - Executive VP & CFO

Thank you, David, and good morning to everyone. It does feel good to be back.

In 2021, we delivered steady growth to our shareholders. Looking at our annual results. Reported earnings per common share were \$2.61, \$0.01 higher than 2020 and adjusted earnings for the year was \$2.59 per common share, \$0.02 higher than 2020. The increase in EPS year-over-year was achieved despite a lower foreign exchange rate, which decreased EPS by \$0.10. Excluding foreign exchange impacts, adjusted EPS grew by \$0.12 or approximately 5% in 2021.

The growth in 2021 was driven by our regulated utilities. Our largest utility, ITC increased EPS by \$0.07, reflecting strong earnings growth at that utility. And this is a good example of the organic growth taking place across our group of companies.

And we had a good start to 2022. Q1 2022 adjusted net earnings were approximately \$369 million or \$0.78 per common share. And as David mentioned, during the first quarter, we made capital investments of \$1 billion and our 2022 \$4 billion capital plan remains on track.

This past October, we rolled out our new 5-year \$20 billion capital plan through 2026, reflecting approximately \$4 billion of average annual investment in our utilities. This is the largest 5-year capital plan in our history. The plan consists virtually of all regulated investments with a diverse mix of projects supporting rate base growth across all our utilities. With investments spanning the entire energy delivery chain, approximately \$3.8 billion of the 5-year capital plan is allocated to cleaner energy investments aimed at improving our already low carbon footprint.

Our 5-year capital plan is low risk, balanced and highly executable. Large projects valued more than \$200 million account for just 15% of our capital plan. We are focused on responsible, cost-effective investments that provide the most value for our customers. The plan is expected to increase rate base by over \$10 billion from approximately \$31 billion in 2021 to nearly \$42 billion in 2026, supporting an average annual rate base growth of approximately 6%.

And we were active in the debt capital markets again in 2021 with over \$1 billion in long-term debt raised at attractive rates right across our businesses, highlighted by ITC's inaugural green offering.

With the backdrop of a rising interest rate environment, several long-term debt issuances were accelerated in 2021 and again in 2022, locking in those attractive rates. While our regulated utilities, we finance our debt at Fortis to -- refinance the debt at Fortis but then we issued debt at our subsidiaries to support their capital programs. And to date, in 2022, approximately \$900 million in long-term debt was issued in the first quarter across our businesses. And we have just amended our \$1.3 billion corporate revolving credit facility to incorporate sustainability-linked pricing adjustments which is associated with certain diversity and environmental goals. Pricing may increase or decrease under the facility based on performance of our diversity goals related to representation of females and visible minority or indigenous persons on the Fortis board, as well as reducing annual Scope 1 GHG emissions along our path of achieving a 75% reduction by 2035.

Our \$20 billion capital plan is expected to be primarily funded with cash from operations, debt issued at our regulated utilities and our dividend reinvestment program. The funding plan will allow us to maintain a steady capital structure through 2026. This plan coupled with Fortis' low business risk profile provides financial flexibility with \$3.3 billion available on our credit facilities and positions us comfortably within our existing investment-grade credit ratings.

And with that, I'll turn the things back to David.

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**David G. Hutchens** - Fortis Inc. - President, CEO & Director

Thank you, Jocelyn.

Our long history of achieving strong shareholder returns continued in 2021 with a 1-year total shareholder return of 21.8%. Looking back over a 20-year time frame, Fortis has delivered an average annual total shareholder return of approximately 13% or 975% in total, exceeding the returns generated by the benchmark indices. And if we look back over the last 5 years, our annual capital expenditures increased 20%, our midyear rate base increased 28%, our 5-year capital plan increased 54%, and our market cap grew by 74%. These metrics speak to the consistent performance Fortis is known for. And consistency is what this bar chart is all about.

In 2021, we increased our dividends paid per common share to \$2.05, an approximately 6% increase compared to 2021, marking 48 consecutive years of dividend increases.

Looking ahead, we remain committed to building on this record through the execution of our growth strategy and a targeted 6% average annual dividend growth rate through 2025.

At Fortis, our value proposition is strong and getting stronger. We are a group of well-run regulated businesses with broad regional diversity. We have a highly executable low-risk 5-year capital plan that results in an annual rate base growth of 6%. We have a long runway of additional investment opportunities that will be needed to transition to cleaner energy and support reliable energy service. With 93% of our assets being transmission and distribution, we have a light environmental footprint and have made commitments to make it even lighter.

Our strategy is simple, to be a premium company to all of our stakeholders; our employees, our customers, communities, planet and, of course, you, our shareholders. I would like to thank all of our employees and our utilities whose dedication day in and day out allows us to provide exemplary service to our customers. And my thanks and gratitude to you, our shareholders for investing in Fortis and for joining us today.

After this meeting, we would have traditionally had the opportunity to socialize at a meal across the hall. Today, however, we have decided to take a more safety-conscious approach to this in-person meeting because of COVID-19 and to reduce its transmission. In lieu of hosting that launch, however, we will be donating to a local community organization to provide food security assistance to those who are in need. Lunch will be served next year. I'm looking forward to the lobster and the (inaudible) that you can count on.

With that, I'll turn things over to Stephanie to facilitate our Q&A session. Thank you.

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**Stephanie A. Amaimo** - Fortis Inc. - VP of IR

Thank you, David and Jocelyn, we'll now move to the question-and-answer period.

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## QUESTIONS AND ANSWERS

**Stephanie A. Amaimo** - Fortis Inc. - VP of IR

To get started, maybe I'll open it up to the floor in the room here to see if anyone has any questions.

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**David G. Hutchens** - Fortis Inc. - President, CEO & Director

Yes, you can just approach the mic and go ahead and ask it.

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**Unidentified Shareholder**

Max Crane, shareholder. This is more of a compliment to the Board of Directors for providing detection on the left and then on my right. As a hard of hearing person, it's a blessing. And I thanked when I heard first, Mr. Perry, a number of years ago about this, he agreed with it and brought it to the Board. I would like to add to that captioning, if possible, if the captioning could be on the video portion shown at the top of the screen in this auditorium. I have experienced this in previous conferences with the Hearing Association, which I've attended nationally and internationally over my number of years. It is possible. I think hard of hearing people who are shareholders can look straight up and have to look to the side or to left or to right or sit appropriately. While if it's straight before them, they would understand the proceedings of that clear.

Again, thank you, Board of Directors and specially Mr. Perry, for making this possible and hope this suggestion will go through in our next annual meeting.

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**David G. Hutchens** - Fortis Inc. - President, CEO & Director

Thank you. Appreciate that. And we will take your comments to heart. I know I saw Karen McCarthy, who runs all of this shaking her head up and down. So we'll make sure we address those concerns, and thank you for the compliments for the Board. I couldn't agree more.

Any other questions? Yes, please. Good morning.

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**Unidentified Shareholder**

Thank you, and I wanted to commend the Board of Fortis because 21 years ago, I stood up at a shareholders meeting and said that there was 1 female, Dr. Linda Inkpen, on the Board of Directors. 13 years later, there were 2. So it's an absolute pleasure to see 7, I believe, this time on the Board of Directors. So congratulations to Fortis for achieving this. Thank you.

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**David G. Hutchens** - Fortis Inc. - President, CEO & Director

Thank you. And if I'm not mistaken, were you here in 2014 as well because, yes, I remember you standing up. I was sitting in a different seat, and I remember you standing up, and it was when Tracey Ball, I think, joined the Board, and Idea Goodreau was on the board and you said, it's good to see 2, when are you going to get more. And I have to say that because of the leadership of folks like Barry Perry, who's in the audience here today and the focus of Doug Haughey as Chair and David Norris as prior Chair, that kind of drive and those kind of comments and understanding the value of diversity on a board have been, again, taken to heart and a lot of people have policies. We can show you. And that's a testament to this company and the management team and the Board of Directors. Any other questions?

Stephanie, are we getting any online?

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**Stephanie A. Amaimo** - Fortis Inc. - VP of IR

Yes.

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**David G. Hutchens** - Fortis Inc. - President, CEO & Director

I'm not begging for them, but if we have ones online, I'd be glad to.

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**Stephanie A. Amaimo** - Fortis Inc. - VP of IR

Yes, we did have a couple of questions that were pre-submitted ahead of the meeting from Mr. Derrick Hutchens. I will read those out loud.

First of all, let me, on behalf of all shareholders, thank all 9,100 company personnel for helping to make this company as successful as it is. Thank you.

First question is addressed to management. Mr. President, the Board being extremely proud of its 40 years of consecutive dividend increases states that with the help of its aggressive projected rate base growth over the next 5 years, it will be able to maintain its 6% average annual dividend growth. With this adjusted dividend payout ratio of almost 80%, can you shed some light on how you plan to position the company for future growth through acquisition given this policy?

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**David G. Hutchens** - Fortis Inc. - President, CEO & Director

Yes. Thank you, Mr. Hutchens for that. I guess it's odd for Mr. Hutchens to say thank you to Mr. Hutchens. That is the name of the person who submitted the question as well. But thank you, Mr. Hutchens for those questions. I hope you're listening online as well, and I hope all things are well with you.

I'll say that the \$20 billion 5-year capital plan that we have is, while it's a big capital plan, and as I've said many times, it's low risk and highly executable, we think the best way for us to provide value is to grow organically. And we are not just looking at that \$20 billion capital plan, but looking at additional opportunities. I mentioned in that long runway as we go into a cleaner energy transition period, and find additional growth opportunities. That's our #1 organic growth view that we have because, again, that does provide the best value for you as a shareholder. That \$1 for \$1 investment turning into rate base and eventually earnings. But also, we are a management team with fiduciary duties, and we look at everything that we can out there in the market to find additional opportunities for creating value for you, our shareholders. So all of those things are in our view and in our mind.

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**Stephanie A. Amaimo** - Fortis Inc. - VP of IR

Great. We have 3 more addressed to the Chairman. Mr. Chairman, Fortis has a unique operating model, as you are aware, but I was wondering if you've ever considered that there may be a lot of implications. Senior management fat given all the independent board members and senior management personnel at each of the subsidiary companies.

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**Douglas J. Haughey** - Fortis Inc. - Independent Chairman of the Board

Well, great to hear from you, Derrick. And look, I think it's a reasonable question. And in our view, I think the answer is actually quite the opposite. We strongly believe in the autonomous operating model of Fortis, largely with an independent Board focused on local issues in local markets with local regulators. And honestly, if you look at the results, it's hard to argue with the Fortis model. We've generated those results and a big reason for that is that local focus. I'm looking at our subsidiary CEOs right here. And I can tell you that I'm convinced that they can deliver better results by operating with an independent Board and largely autonomously in their local regions. And it seems to me that if we can generate those kinds of

results with a business model that may be a little more expensive than others, it's still definitely the right thing to do. So I think the Board has concluded that the benefits clearly outweigh the costs. And the results clearly speak for themselves.

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**Stephanie A. Amaimo** - Fortis Inc. - VP of IR

Great. Two more follow-up questions. Mr. Chairman, in your management information circular, you provided pertinent information about your named executives, including Board members. In the future, may I suggest that the same information be provided for the full list of company senior executives listed in the annual report?

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**Douglas J. Haughey** - Fortis Inc. - Independent Chairman of the Board

That's an interesting one. So Derrick, the way I would look at it is that there's 4 sort of principles of executive compensation. It has to be performance-driven. It has to be balanced in terms of objectives, we have to pay competitively, and it has to be risk-balanced or risk-managed. So we don't get results that we didn't expect from compensation systems. I can give you high confidence that that's the way we run our business and that we pay at the median and that our salaries for all of our executives are competitive with the market, and we have processes in place to make sure they're not outlandish.

The idea of disclosing beyond our top 5 named executive officers, number one, it's not required. Number two it's highly unusual. I don't know of another company that would do that. I'll acknowledge it's more prevalent in public enterprises, government enterprises, where we have sunshine lists and whatever. But I think that the Fortis shareholder is benefiting from not having that kind of disclosure. I can tell you with virtual certainty that many of our executives don't want their compensation published. And it would probably put the company at some kind of a competitive disadvantage. So look, I'm -- I hear you, but this is one where I don't think we'll be doing that anytime soon.

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**Stephanie A. Amaimo** - Fortis Inc. - VP of IR

Thank you. Last question for you. Mr. Chairman, many of your Board members and senior management personnel serve on the Board of various subsidiaries. Do they receive directors' fees or similar compensation from the subsidiaries? If so, will you put a stop to this policy immediately at this -- in my opinion, is double dipping.

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**Douglas J. Haughey** - Fortis Inc. - Independent Chairman of the Board

Derrick, you're going deep today. Look, yes, I'll say yes. We do have board members and executives who serve on subsidiary boards, and they do receive the normal board fees that would be payable to those board members. But when you think about it, it makes sense, right? Directors of those independent subsidiaries have a fiduciary obligation primarily to that company. And so it makes sense to treat our executive -- or executives who are directors of those companies and 1 or 2 of our Board members here to treat them the same as the independent directors on that board.

I can also tell you that -- and I think this is particularly important, in the case of our executives who are serving on those subsidiary boards, our policy is that we will independently benchmark their total compensation, and we include those board fees in that total. So to say it's double dipping, I think, is wrong. It's not.

The last thing you mentioned was Board members -- Fortis Board members who are serving on subsidiary boards. We have 2 directors who do that now. Margarita Dille chairs the CH Board, Tracey Ball, chaired the Fortis Alberta Board, and is currently on the FortisBC board. I can tell you, they ought to be compensated for the work they do on those committees because they are vital contributors to those boards.

And the -- I guess, the corollary to all of that, we get huge benefit from our executives and directors sitting on those subsidiary Boards. I always talk about communication, coordination and cooperation across businesses, and that is one terrific way to make it happen. So Derrick, I hear you, but I think it's the right thing to do, and we've carefully considered it, and we're probably going to continue to do it.



**Stephanie A. Amaimo** - Fortis Inc. - VP of IR

We did receive one more question here online from Richard Duggan of VOXM News. This question is for Mr. President Hutchens. Can you give some details on Fortis's plans moving forward, specifically in Newfoundland and Labrador? Any big plans or projects coming up that you'd like to highlight?

**David G. Hutchens** - Fortis Inc. - President, CEO & Director

Yes. There aren't any large projects coming up in the near future. As we have said over the years, my predecessor has said it, I've said it. We're interested in being more involved in the energy plan here in Newfoundland, and we will raise our hand and do what we can to help solve the energy issues that, of course, every province and every state within our jurisdiction faces. We would love to look for additional opportunities and actively do that. So I guess, take this as notice. We've always got our hand up to look at additional things to do here in Newfoundland and Labrador.

**Stephanie A. Amaimo** - Fortis Inc. - VP of IR

Great. One more question that came in. This question is also for management. How confident are you that you can reach the 75% GHG reduction target by 2035? Can you please elaborate?

**David G. Hutchens** - Fortis Inc. - President, CEO & Director

Yes, that's a great question, and I would love to elaborate. How much time do you have? Because this is one of my most exciting things to talk about. If you ask our shareholders, what are the top 3 things that they're looking for. Obviously, they're looking for growth. They're looking for low risk, and they're looking for a great ESG story. As I mentioned, we start with a great ESG story by being primarily a transmission and distribution company. But that little bit of percentage and percentage that we have is generation, fossil generation, which is only 5% of our assets is where we're focusing a lot of our energy to remove that, pun intended, I guess.

So a lot of our focus is removing that fossil energy. And the way that we're doing it is very straightforward, and you can see it. You can see it in our documents, you can see it in our presentations. Most of this emissions reductions will happen in Arizona as we shut down fossil fleets there and replace them with renewable energy: wind and solar and battery storage. That's a great story. It's a clear path. We don't need any new -- brand new fancy technology or innovation to do it. We know exactly what to do. We can do it cost effectively, actually saving our customers money in most cases.

And so we have that clear path. And we have such a clear path for that 75% reduction that -- and having 20%, we just already in the first 2 years of setting that target have reduced those emissions by 20%. We felt that it was so clear we needed to stretch a little bit. And that's why we added that net zero goal just the other day. And that is so that we can continue that focus, where everybody needs to look, which is having that net zero world out in that future in 2050.

And so as we go from here to 75%, clear as a bell how we're going to get there. Obviously, things can change along the way and we'll adapt, but we absolutely are confident in being able to hit that target. And now we've raised the bar and said, now we've got to remove that last 25%. And we'll be paying attention to the new technology as it develops and making sure that we can get there. That's what you shareholders want, that's what our stakeholders want, that's what our employees want and that's what our customers want. So that's a great spot to end on unless there's other questions.

**Stephanie A. Amaimo** - Fortis Inc. - VP of IR

No further questions. Actually, this concludes our Q&A session online. So I'd like to turn it over to Doug for final comments, please.

**Douglas J. Haughey** - Fortis Inc. - Independent Chairman of the Board

Okay. Well, thank you, Stephanie, for hosting this today. Much appreciated.

The first thing that Chair wants to do is apologize to Maura Clark. The chair obviously is an idiot and can't read so -- but then you knew that already. So anyways, we want to say thanks so much for the questions today. They really are an important part of an annual and special meeting. And special thanks, I think, are very much in order to everyone who helped organize this hybrid meeting. As you can imagine, it's very complex. So that includes some more critical Fortis employees, the audiovisual teams who are in the back and obviously, the staff of the Holiday Inn.

On behalf of my Board colleagues, a great group of people, we'd like to thank the entire Fortis team, including the folks from all across all of our businesses for the strong performance in 2021. It was exceptional given some very challenging times. So, we all thank you for that. And we also want to thank all of our shareholders who participated both in person and online today. Thank you for the continuing support of the company, it's much appreciated.

So that's a wrap. I declare the meeting closed. Thanks, everyone. Take care.

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