

Sustainability...

How we do
everything.

2019 SUSTAINABILITY UPDATE

JULY 2019

 **FORTIS**_{INC}

This is who we are.

We are 8,800 employees strong, serving 3.3 million customers in 17 jurisdictions throughout North America. We are primarily an energy delivery company focused on maintaining infrastructure, delivering cleaner energy and being a strong energy partner for our communities.



In this report...

you'll find our latest key sustainability indicators for Fortis and our operating utilities. We have broadened our reporting, with new indicators related to our people, our natural gas operations and our use of water.

We are taking steps to deliver more renewable, cleaner energy to our customers, and we have added detail on our efforts to advance the United Nations Sustainable Development Goals.

93% of our assets are dedicated to

energy delivery.

Highlights

Expanding our sustainability reporting

In this sustainability update, we have broadened the amount of information we provide. New indicators include:

- Workforce demographics;
- Natural gas operations;
- Use of water; and
- Policy framework.

Our new indicators are primarily focused on our employees. We analyze the composition of our workforce to guide our ability to attract and develop employees to ensure we have the right talent for our continued success.

Advancing United Nations Sustainable Development Goals

As a leader in the North American utility industry operating in Canada, the U.S. and three Caribbean countries, we are taking actions to tackle the most pressing global sustainability issues. In this update, we include information on our efforts to advance a number of the United Nations Sustainable Development Goals.

We are taking the right steps forward to deliver cleaner energy to customers

Most Fortis utilities focus solely on energy delivery, with 93% of our assets dedicated to energy distribution and transmission. This emphasis on delivering energy limits our impact on the environment in comparison to more generation/production intensive businesses. In 2018, the combined greenhouse gas intensity of energy delivered to customers was in line with 2017, having achieved a significant reduction from 2016 levels.

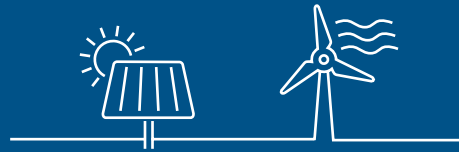
Over the next two years, Tucson Electric Power ("TEP") plans to add three new large renewable energy facilities with total combined capacity of 446 megawatts ("MW") of electricity. With these investments, TEP's renewable energy generation

Fortis owns 239,550 kilometres of transmission and distribution electricity and natural gas lines — enough to

**circle the globe
six times.**

Tucson Electric Power set to meet

30% renewable target
9 years ahead of schedule.



40 new performance indicators
added to the Fortis Sustainability
Indicators in 2019 reporting.

Top decile performer
on governance matters.

BEST 50 2019
CORPORATE CITIZENS

Named a 2019 Best 50 Corporate
Citizen by Corporate Knights.

Safety and reliability performance in 2018

**surpassed comparable
industry rates**

in Canada and the U.S.

\$13 million

donated by Fortis and our utilities to
the communities we serve in 2018.



42% of the Fortis
Board of Directors is **female**.

is expected to exceed 28 percent of its retail sales by 2021, bringing the utility close to the 30 percent goal it has planned to achieve by 2030 — nine years ahead of schedule.

In 2018, TEP made investments in natural gas generation capacity as it prepares to retire coal plants and integrate more renewable energy generation. The utility is installing fuel-efficient natural gas generators to compensate for energy fluctuations associated with the expanded use of wind and solar energy.

With its 2030 goal almost achieved, TEP recently shared its plans to establish a new, more comprehensive goal that will be based on greenhouse gas reductions. The new goal will reflect TEP's proportional contribution toward limiting global temperatures to levels outlined in the United Nation's 2015 Paris Agreement on climate change. TEP has enlisted the University of Arizona's Institute of the Environment to help develop science-based targets as the utility evaluates options to deliver more sustainable energy to its customers.

Sustainability Indicators Summary

The sustainability indicators listed on the following pages are dated as of December 31, 2018.

Operations Indicators

	2018	2017	2016 ¹	2015
Assets				
Total Value of Assets (CAD\$B)	53.1	47.8	47.9	28.8
Annual Capital Expenditure (CAD\$B)	3.2	3.0	2.1	2.2
Percentage of Total Assets that are regulated utility assets	97%	97%	97%	96%
Percentage of Total Assets dedicated to Energy Delivery	93%	92%	91%	85%
Percentage of Total Assets dedicated to Electricity Generation	7%	8%	9%	15%
Electricity Transmission and Distribution ("T&D")				
Total Kilometres of Electricity T&D lines	182,700	-	-	-
Distribution in Service	81%	-	-	-
Transmission in Service	19%	-	-	-
Natural Gas T&D				
Total Kilometres of Natural Gas T&D lines	56,850	-	-	-
Distribution in Service	94%	-	-	-
Transmission in Service	6%	-	-	-
Electricity Generation				
Electricity Generation Capacity (in MW)				
Coal	1,242	1,412	1,412	1,515
Oil	76	76	81	81
Diesel	374	375	375	347
Natural Gas	2,107	1,555	1,555	1,399
Hydropower	566	563	563	612
Solar	67	67	54	53
	Total (in MW)	4,432	4,048	4,040
Net Electricity Generated (in gigawatt hours ("GWh"))				
Coal	7,241	7,565	8,268	8,433
Oil	<1	2	2	4
Diesel	900	890	902	870
Natural Gas	7,572	3,897	3,919	3,324
Biofuel	25	24	28	32
Hydropower	2,930	2,882	2,617	2,581
Solar	108	109	82	77
	Total (in GWh)	18,776	15,369	15,818

Notes: The hyphens ("-") in the table above indicate either a new metric and/or data that is not available. Please use this document for comparative purposes as historical data has been updated in some instances. ¹ Data is provided from the date of acquisition of the following: Aitken Creek Gas Storage Facility (April 2016); and ITC (October 2016).

	2018	2017	2016 ¹	2015
Electricity Purchased by Fortis and Resold for Customer Use (in GWh)				
Solar	809	734	696	497
Wind	688	653	680	629
Hydropower	6,125	5,842	5,656	6,191
Total renewables	7,622	7,229	7,032	7,317
Mixed sources from the grid	11,541	12,556	11,448	12,664
Total (in GWh)	19,163	19,785	18,480	19,981
Minimum percentage of renewable energy in the electricity sold to customers ²	28.2%	29.1%	28.5%	28.3%
Energy Deliveries				
Total electricity delivered (in GWh)	224,902	215,699	90,868	50,795
Total electricity delivered (in petajoules ("PJ"))	810	777	327	183
Total natural gas delivered (in PJ) ³	307	313	263	236
Total energy delivered (in PJ)	1,117	1,090	590	419
Customer Information				
Number of electricity customers (in thousands)	2,022	2,002	1,986	1,965
Number of natural gas customers (in thousands)	1,268	1,244	1,227	1,213
Total (in thousands)	3,290	3,246	3,213	3,178
Customer Energy Savings from Fortis Efficiency and Demand Reduction Programs				
Electricity savings in the year (in GWh)	359	329	344	288
Relative to percentage of total electricity delivered	0.16%	0.15%	0.38%	0.57%
Natural gas savings in the year (in terajoules)	697	630	541	510
Relative to percentage of total natural gas delivered	0.23%	0.20%	0.21%	0.22%
Energy Reliability				
Electricity System Average Interruption Duration Index ("SAIDI") (in customer hours of interruption per customer served)				
SAIDI under normal operations	2.07	2.15	2.07	1.99
SAIDI during major events	4.10	1.73	0.61	0.88
Transmission Service Reliability (number of forced outages per 100 miles of transmission lines)	0.55	0.55	0.54	0.50
Gas Leaks per 1,000 customers (number of gas leaks for every 1,000 customers)	2.39	2.66	2.13	-
Employee Safety				
All Injury Frequency Rate (number of injuries for every 200,000 hours worked) ⁴	1.47	1.39	1.67	1.93
Percentage of Fortis utilities with extensive occupational health and safety management programs aligned with ISO 45001, OHSAS 18001 or equivalent	100%	-	-	-

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Governance & Policy Indicators

	2018	2017	2016	2015	
Fortis Inc. Board of Directors					
Percentage of Independent Directors	83%	83%	92%	82%	
Percentage of Female Directors	42%	33%	33%	27%	
Percentage of Board Directors with Sustainability Skills and Experience	50%	-	-	-	
Percentage of Governance and Nominating Committee Directors with Sustainability Skills and Experience	57%	-	-	-	
Subsidiary Boards of Fortis' Operating Utilities					
Percentage of Female Directors	31%	28%	25%	-	
FORTIS-WIDE POLICY FRAMEWORK					
	Anti-Corruption	Code of Business Conduct and Ethics	Whistleblower	Insider Trading	Respectful Workplace
Sustainability subject areas addressed under the Fortis and operating utility policy framework	✓	✓	✓	✓	✓

Environmental Indicators

	2018	2017	2016 ¹	2015
Greenhouse Gas (GHG) emissions				
Scope 1 emissions (in ktonnes of CO₂ equivalent)²				
From coal electricity generation	7,425	7,621	8,323	8,474
From oil electricity generation	<1	4	5	7
From diesel electricity generation	598	585	597	591
From natural gas electricity generation	2,795	1,800	1,966	1,476
Total From Electricity Generation	10,818	10,010	10,891	10,548
From natural gas operations (combustion, flaring, venting)	127	142	97	53
From natural gas fugitive emissions	86	93	90	112
From owned vehicle emissions ^{3,4}	51	51	42	39
From SF ₆ fugitive emissions ³	55	84	34	17
Total Scope 1 Emissions	11,137	10,380	11,154	10,769
Scope 2 emissions (in ktonnes of CO₂ equivalent)				
From electricity purchased from the grid, used in Fortis-owned or controlled equipment ^{3,5}	222	223	191	95
Scope 1 and Scope 2 emissions (in ktonnes of CO₂ equivalent)				
Total Scope 1+2 Emissions	11,359	10,603	11,345	10,864

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	2018	2017	2016 ¹	2015
Scope 3 emissions (in ktonnes of CO₂ equivalent)				
Related to electricity used by customers that Fortis purchased from the grid ²	2,893	3,625	3,353	4,445
Related to electricity used by customers, transmitted and delivered under certain Fortis contracts	115,501	111,504	35,897	10,964
Related to natural gas used by customers ^{6,7}	17,230	17,572	14,743	13,243
Avoided emissions (in ktonnes of CO₂ equivalent)				
Avoided emissions from the use of biofuel in electricity generation recovered from landfill sites	16	12	15	36
Avoided emissions from the use of natural gas in transportation	45	48	36	32
Avoided emissions from the use of liquified natural gas in marine bunkering	17	9	-	-
Avoided emissions from the use of renewable natural gas in natural gas deliveries	9	8	7	7
Avoided emissions from Customer Demand Reduction and Energy Efficiency Programs	232	205	229	190
From electricity related programs ⁵	196	173	201	164
From natural gas related programs	36	32	28	26
GHG Intensity Factors				
Combined GHG intensity of energy delivered to customers (in ktonnes of CO ₂ equivalent per PJ) ⁷	10	10	19	26
Average GHG intensity of electricity delivered to customers (in tonnes of CO ₂ equivalent per GWh)	50	48	122	210
Other air emissions from electricity generation⁸				
NO _x Emissions (in tonnes)	7,900	8,607	9,343	10,237
SO ₂ Emissions (in tonnes)	6,837	4,682	5,125	5,890
Mercury Emissions (in kilograms)	30	30	-	-
Particulate Matter Emissions (in tonnes)	947	1,190	1,222	1,754
Water Used During Fossil Fuel Generation				
Groundwater withdrawn (in million cubic metres ("m ³ "))	47	-	-	-
Surface water withdrawn (in million m ³)	6	-	-	-
Returned to source (in million m ³)	26	-	-	-
Water consumed in electricity generation, covering significant use (in million m ³)	27	21	23	24
Environmental Compliance				
Number of significant spills or releases with an associated fine	-	1 ⁹	-	-
Percentage of Fortis utilities with an emergency spill response plan	100%	100%	100%	100%
Percentage of Fortis utilities with extensive environmental management programs aligned with ISO 14001	100%	100%	100%	100%

Notes: The hyphens ("-") in the tables above indicate either a new metric and/or data that is not available. Please use this document for comparative purposes as historical data has been updated in some instances. ¹ Data is provided from the date of acquisition of the following: Aitken Creek Gas Storage Facility (April 2016); and ITC (October 2016) ² Scope 1 emissions from biofuel are not listed as they are negligible. ³ 2015-2016 are estimated values as 2017 was first year for which data was collected. ⁴ Vehicle emissions previously reported have been updated. ⁵ Scope 2 emissions have been restated using the latest grid emissions factor. ⁶ It has been assumed that natural gas was used in combustion by customers. ⁷ Natural gas deliveries have been added to this metric. Previously, only natural gas sales were included. ⁸ Only other air emissions from electricity generation owned by UNS Energy are presented here. ⁹ In 2017, 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.



Social Indicators

		2018
Employment		
Turnover¹ and Retention		
Annual employee turnover (as % of total workforce)		6.7%
Annual male employee turnover (as % of total male workforce)		6.7%
Annual female employee turnover (as % of total female workforce)		6.8%
Average years of employment		11.4 years
Hiring		
Percentage of job vacancies filled by existing employees		55%
Percentage of job vacancies filled by new employees		45%
Percentage of job vacancies filled by males		67%
Percentage of job vacancies filled by females		33%

Our five-year \$17.3 billion capital investment plan

is focused on grid modernization, delivering clean energy, electrification and strengthening natural gas networks.

Benefits ²	
Percentage of full-time employees that are eligible to receive Disability Coverage ³	98%
Percentage of full-time employees that are eligible to receive Employee and Family Assistance	100%
Percentage of full-time employees that are eligible to participate in an Employee Stock Purchase Plan	99.6%
Percentage of full-time employees that are eligible to receive Health Care Benefits ³	100%
Percentage of full-time employees that are eligible to receive Life Insurance ³	100%
Percentage of full-time employees that are eligible to participate in a Retirement Savings Plan	97.6%
Labour Management Relations	
Total number of work stoppages	0
Diversity	
Employees ⁴	
Percentage of total workforce - male	69%
Percentage of total workforce - female	31%
Percentage of employees under 30	12%
Percentage of employees 30 - 50	53%
Percentage of employees over 50	35%
Executives ⁵	
Percentage of total executives - male	68%
Percentage of total executives - female	32%
Percentage of executives 30 - 50	48%
Percentage of executives over 50	52%
Freedom of Association	
Percentage of total workforce - unionized	53%
Financial Support for Local Communities	
Annual amount donated by Fortis and its utilities in local communities (approximate CAD\$ millions)	\$13M
Customer Privacy	
Number of reportable losses of customer data at the Fortis utilities	0

Notes: ¹Turnover includes employees who leave the company either voluntarily (i.e.: by choice or retirement) or involuntarily (i.e.: due to dismissal or death). Turnover excludes seasonal temporary employment. ²The eligibility to receive benefits may be dependent on completing a probation period, as applicable. ³Employee eligibility may be impacted by insurance coverage terms (e.g., age or health of an employee). ⁴An employee is defined as an individual who has a direct employment relationship with the company as of December 31, 2018. ⁵This includes executives at Fortis Inc. and all Fortis subsidiaries.

Supporting the United Nations Sustainable Development Goals



As a North American energy leader, we are doing our part to ensure a better and more sustainable future for all. Our sustainability priorities and supporting indicators align with the United Nations Sustainable Development Goals (“UNSDG”).

We have mapped below the sustainability priorities of Fortis aligned with relevant UNSDGs that reflect our greatest areas of focus.

Our Sustainability Priorities:

5 GENDER EQUALITY

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

13 CLIMATE ACTION

Ensuring strong, reliable energy delivery		✓		✓		
Delivering cleaner, affordable energy		✓		✓		✓
Investing capital in resilient infrastructure		✓	✓	✓	✓	✓
Promoting efficient energy use					✓	✓
Continuing to develop a diverse & inclusive work environment	✓		✓			
Fostering a safe, respectful and healthy workplace	✓		✓			

Fortis Utilities



itc-holdings.com



cuc-cayman.com



newfoundlandpower.com



uns.com



cenhud.com



fortisontario.com



fortisalberta.com



fortisbc.com



fortistci.com



maritimeelectric.com



Forward-Looking Information

Fortis 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 include, without limitation: statements related to planned capital projects and renewable targets at Tucson Electric Power.

Forward-looking information involves significant risks, uncertainties and assumptions. Certain material factors or assumptions have been applied in drawing the conclusions contained in the forward-looking information. These factors or assumptions are subject

to inherent risks and uncertainties surrounding future expectations generally, including those identified from time to time in the forward-looking information. Such risk factors or assumptions include, without limitation: the implementation of the five-year capital investment plan; no material capital project and financing cost overrun related to any capital projects; sufficient human resources to deliver service and execute the capital investment plan; and no significant changes in laws and regulations that may materially negatively affect Fortis and its subsidiaries. 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 Fortis with Canadian securities regulatory authorities and the Securities and Exchange Commission. All forward-looking information in this report 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.



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