



FORTIS BC™

Energy at work

Sustainability Report 2017

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Front cover: Colton Aston, Energy Solutions Manager, FortisBC visiting a biogas facility



Certain statements contained in this Sustainability Report contain forward-looking information within the meaning of applicable securities laws in Canada (“forward-looking information”). The words “anticipates”, “believes”, “budgets”, “could”, “envision”, “expects”, “forecasts”, “intends”, “may”, “might”, “plans”, “projects”, “should”, “will”, “would” and similar expressions are often intended to identify forward-looking information, although not all forward-looking information contains these identifying words.

The forward-looking information reflects management’s current beliefs and is based on information currently available to FortisBC’s management. The forward-looking information in this report includes, but is not limited to, statements regarding FortisBC’s commitment to continue to deliver safe, reliable energy in a responsible manner to all communities that we serve; FortisBC’s vision that efficiency and conservation will lead to lowered energy requirements and emissions, FortisBC’s plans to reduce GHG emissions, FortisBC’s plans to offer more conservation and efficiency incentives in the future; innovations and investments in biogas supply, carbon capture technology, low carbon vehicles and hydrogen blending into the natural gas system; the development of new markets, FortisBC’s relationship with Indigenous peoples; the diversity of FortisBC’s workforce and FortisBC’s safety practices.

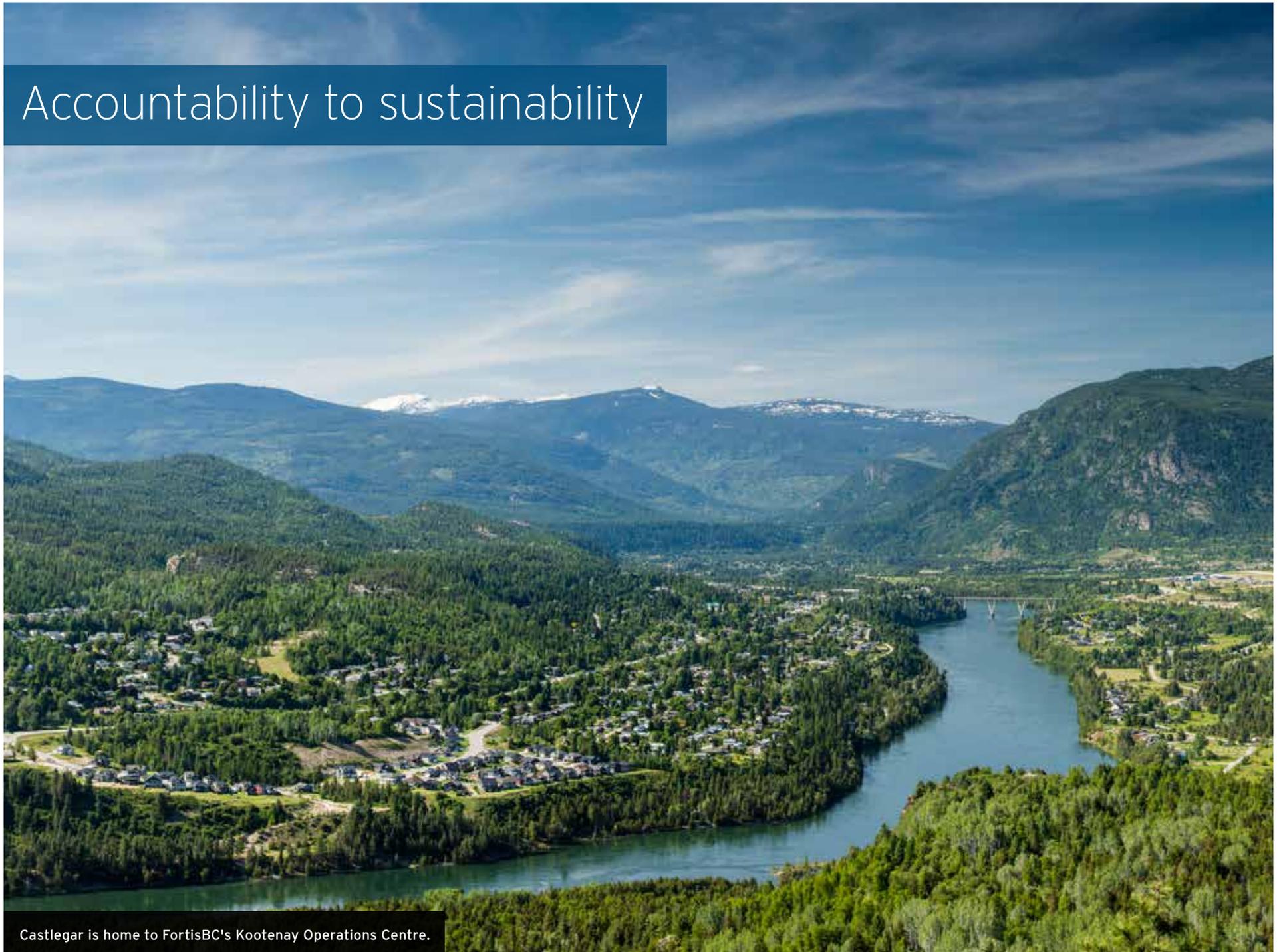
The forecasts and projections that make up the forward-looking information are based on assumptions, which include but are not limited to: receipt of applicable regulatory approvals and requested rate orders; absence of asset breakdown; absence of environmental damage and health

and safety issues; absence of adverse weather conditions and natural disasters; ability to maintain and obtain applicable permits; the ability of FortisBC to attract and retain skilled workforces; continued energy demand; the ability to arrange sufficient and cost-effective financing; no material adverse ratings actions by credit ratings agencies; and the availability of alternative fuel supply.

The forward-looking information is subject to risks, uncertainties and other factors that could cause actual results to differ materially from historical results or results anticipated by the forward-looking information. The factors which could cause results or events to differ from current expectations include, but are not limited to: regulatory approval and rate orders risk; asset breakdown, operation, maintenance and expansion risk; environment, health and safety matters risk; weather and natural disasters risk; permits risk; labour relations risk; human resources risk; information technology infrastructure risk; interest rates risk; impact of changes in economic conditions risk; capital resources and liquidity risk; competitiveness and commodity price risk; and energy supply risk.

All forward-looking information in this report and the information incorporated in this report by reference is qualified in its entirety by this cautionary statement and, except as required by law, FortisBC undertakes no obligation to revise or update any forward-looking information as a result of new information, future events or otherwise after the date of this report.

Accountability to sustainability



Castlegar is home to FortisBC's Kootenay Operations Centre.

Who we are

FortisBC is dedicated to providing the energy our customers need—safely, reliably and at the lowest reasonable cost. More than 2,300 of our employees provide natural gas, electricity and innovative energy solutions to 1.2 million customers in 135 communities throughout British Columbia. FortisBC invests in and maintains local energy infrastructure, offers innovative energy solutions and provides customers with energy conservation incentives and programs. We also own and operate liquified natural gas (LNG) facilities that supply cleaner-burning natural gas for transportation in the on-road and marine sectors, as well as supply LNG for natural gas exports to Asia.

That's energy at work.

As the province's largest energy provider, ensuring that our business is sustainable over the long-term is vitally important to us. For many, sustainability is synonymous with environmental protection and preservation. While this is an important piece of sustainability, it does not stand alone.

For an organization to be sustainable, we must consider everything that enables our operations to succeed over the long-term and ensure we strike the right balance between business, social and environmental factors. We must consider all of the implications of our actions rather than a single outcome.

We believe that, through smart planning and analysis, we can track performance beyond dollars and cents to develop a complete picture of how we are performing across all sectors: Customers, Partners and Communities, Environment and Employees.

Our Sustainability Report reflects that complete picture and our tracking and monitoring of the metrics contained within will help guide many of the decisions we make in years to come. To see how these metrics were put into action in 2017, our [2017 Corporate Report](#) acts as an important companion piece to this document. Our core operations and our environmental and social impact stories are interconnected.

We are a company that is forward thinking: we are preparing today for the energy landscape of tomorrow. FortisBC understands the unique energy needs of British Columbians and knows that decisions we make today will have an impact for decades to come.

FortisBC: the story of sustainability

While this is the inaugural FortisBC Sustainability Report, sustainability has been a part of FortisBC, even before we referred to it as such. FortisBC has always taken a long-term approach to planning and operating. To do this successfully, we need to be concerned with a balance of financial, environmental and social factors and outcomes. Focusing on sustainability ensures that we are pursuing the health and well-being of our customers, our partners and communities, the environment and our employees—today, tomorrow and into the future.

Our commitment to future sustainability is firm, as is our goal of supporting British Columbians in transitioning to a low-carbon economy.

How do we know that sustainability has always been important to FortisBC? Because we can see it reflected in our company's values:

Safety: we put safety first

Safety is always top of mind. Internally, FortisBC's Target Zero program is our commitment to employee safety. Externally, public safety is one of our primary concerns, and we work to educate the public about safety near gas lines and power lines, encourage safe digging practices and support other organizations that promote public safety related to gas and electricity.

Customer centric: we value the customers' business

Every day we work to provide our customers with great service and innovative solutions to their challenges. Because we believe that trust, respect and open communication are the key to strong relationships, we employ a strong team of Community and Indigenous Relations Managers, who work closely with municipalities and Indigenous communities to understand and address their needs.

Collaborative: we work as one company, one team with shared success

FortisBC strives to build internal relationships and support diversity in the workplace, which strengthens our ability to recruit and retain the best talent. Our teams work in collaboration to support successful projects and initiatives that benefit our customers, the communities in which we operate and our employees.

Respectful: we are respectful, honest and ethical

We focus on a safe working environment in which everyone is valued, respected and treated with fairness. We value diversity and inclusion and support that work by providing education for our employees on respect, anti-bullying and cultural competency. We work with municipalities and Indigenous communities to build strong and mutually beneficial relationships.

Progressive: we seek better ways

We research innovative energy solutions so that our customers will continue to have the energy they need safely, reliably and at the lowest reasonable cost. Along with anticipating and innovating for British Columbia's future energy needs, we also work to deliver and improve upon cutting-edge technology that reduces environmental impacts, including Renewable Natural Gas, carbon capture and hydrogen injection.

A message from the President and CEO



Roger Dall'Antonia

At FortisBC, we have established our reputation as a company that provides energy solutions to its customers reliably, safely and at the lowest reasonable cost. We've long been innovators in the energy space, and it's our intention to continue from that spirit of innovation into the future as the energy sector evolves to address affordability and environmental challenges. As B.C.'s leading energy provider, our endeavours are supported by our values as a safety-focused, customer-centric, collaborative, respectful and progressive operation. At the end of the day, by staying true to our values, we position ourselves for continued long-term success.



Using LNG as a marine fuel enables greater sustainability from an economical and environmental perspective by cutting both cost and emissions. Pictured here is an LNG-powered Seaspan ferry—one of two in its fleet.

Sustainability at FortisBC is the lens through which our organization considers long-term financial accountability to its shareholders, customers and employees; ongoing responsibility in the communities in which we operate; and environmental best practices so that future generations will continue to enjoy B.C.'s natural beauty and diversity. In addition, we can play a role beyond the borders of British Columbia and Canada in reducing global greenhouse gas (GHG) emissions.

FortisBC's commitment to being a sustainable organization is embedded into our business. Our customers, community partners, employees and our shareholders expect us to operate responsibly, transparently and with integrity extending beyond British Columbia, now and into the future. And we do so because it's both a smart approach and it's the right approach.

FortisBC began laying the groundwork for a sustainability-reporting structure in 2017. While we may still be in the early days of sustainability tracking and reporting, our commitment to embedding sustainability throughout our operations is evident.

The development and advancement of affordable, reliable and efficient energy for homes and businesses, our commitment to Indigenous partnerships and the growth of our natural gas business in the transportation sector are all evidence of our pursuit of sustainability—and excellence.

The Sustainability Report measures our commitment to our long-term vision for FortisBC. Going forward, we will measure our success with both metrics and important achievements.

We look forward to continued transparency and progressive planning into our future.

A handwritten signature in black ink, appearing to read 'RD' followed by a stylized flourish.

Roger Dall'Antonia
President & CEO
FortisBC

History of sustainability

Sustainability has always been a part of the FortisBC story

The continuous operations of FortisBC, including companies amalgamated over the years, account for more than a century of sustainability. This history of sustainability becomes clear as we look at some of our milestone moments through the lens of our four sustainability pillars: **Customers, Partners & Communities, Environment** and **Employees**.

Customers

Our customers have always been our focus. Since the beginning of our operations, and the operations of our predecessor companies, we've worked to provide the energy that our customers need to work, play and live. Consider, for example, the construction of our first hydroelectric plant at Bonnington Falls in 1898, the city gas systems in Vancouver and Victoria in the early 20th century, and the incorporation of Inland Natural Gas to distribute natural gas through the province's interior in the 1950s. Our dedication to meeting our customers' needs started over a century ago. We've continued to grow to meet the energy needs of our customers and have found ways to better serve them including new online options that enable customers to do everything from provide their opinions to monitor their electricity use on an hour-by-hour basis.

Partners & Communities

Relationships are a primary consideration in our Partners & Communities pillar, and those valued relationships have led to making our organization stronger, more resilient and more adaptive to the needs of the communities we serve. The adoption of the Statement of Indigenous Principles in 2004 marked a turning point in our relationships with Indigenous communities. In B.C.'s Interior, we provided tools and funding to the Okanagan College in Kelowna in 2016 to provide the region with more trades training opportunities. In 2017, we entered into a memorandum of understanding with the City of Vancouver to find ways to reduce GHG emissions in the Lower Mainland while ensuring natural gas's role in a low-carbon future.

Environment

Innovation, one of the hallmarks of FortisBC, includes improving operations in order to protect the natural environment. One of the most popular stories in recent years has been via our Osprey Cam in Kelowna, established in 2009, which highlights the ways in which we care for these birds of prey—and other wildlife—near our power lines. In 2010, we became the first utility in North America to offer Renewable Natural Gas¹ to our customers. In 2013, we began to work with BC Ferries to transition new ferries to using liquid natural gas (LNG) to reduce emissions.

Employees

In 1994, we established the Warm Hearts charity that benefits both the communities we serve and our employees who tell us they feel personally enriched by giving back. Our Target Zero safety program, started in 2016, ensures safety is part of our organizational culture and that all of our people go home safely at the end of the day.

As we look to the future, and a low-carbon economy for British Columbians, we know that our focus on sustainability will continue to benefit our customers, our partners, the communities we serve, the environment and our FortisBC employees.



Our Upper Bonnington hydroelectric facility has provided sustainable, emissions-free power for over a century.

¹Renewable Natural Gas is produced in a different manner than conventional natural gas. It is derived from biogas, which is produced from decomposing organic waste from landfills, agricultural waste and wastewater from treatment facilities. The biogas is captured and cleaned to create carbon neutral Renewable Natural Gas (also called biomethane).

Area of operations

Total length of natural gas and electric transmission and distribution lines across B.C.

56,000 km

Total volume of natural gas sales in 2017

221 petajoules

Total peak electricity demand in 2017

731 megawatts

Total number of gas and electric customers across B.C.

1.2 million



Guiding principles & business priorities



To protect our employees, communities and our operations, safety is always top of mind. Our operations must be safe in order to be viable over the long term. John Kopchia, FortisBC Field Operations Supervisor, at an emergency training session in Kelowna.

Guiding principles

FortisBC's vision is to create value for our customers, employees and shareholders through leadership in the generation, transmission and delivery of energy, safely and reliably at the lowest reasonable cost. This leadership is based not only in our day-to-day performance but also in our commitment to seek better ways and provide innovative energy solutions for British Columbians.

FortisBC is committed to playing an important role in B.C.'s transition to a low-carbon future. We see ourselves as a trusted energy solutions provider that has economic, environmental and community-based solutions for the transportation and building sectors. We're focused on providing support for British Columbians meeting their climate goals while leveraging FortisBC's existing assets and infrastructure. And we're addressing global emissions through bunkering and the export of LNG to Asia as well as local transport markets.

Sustainability is more than just environmental considerations; sustainability includes socioeconomic concerns. We prioritize the strength and resiliency of the communities where we operate, the needs of our customers we serve and the health, safety and career goals of our employees. To help achieve this vision for the future and stay true to our corporate values, our business priorities are focused on:

Customers and maintaining competitiveness

We respond to the changing needs of our customers. In 2017, we enhanced our customer communication by providing more ways to connect with us in person, by phone and online.

Our customer contact centres handled close to 3,900 calls per day in 2017 and our willingness to actively work with customers and address their concerns helps cement our standing as B.C.'s foremost energy provider.

Safety and maintaining system integrity

We ensure the safety of our employees and the public. Every day, we're building on our safety culture so that we all return home safely at the end of the work day. In 2017, FortisBC continued its public awareness and education efforts supporting natural gas and meter safety as well as power line safety in the Interior. We're also maintaining focus on safeguarding the integrity of our gas transmission system through new in-line inspection tools for smaller-dimension lines.

Growth and Major Projects execution

FortisBC is executing key business initiatives that enable the continued growth of the business and economic opportunity for British Columbia. In 2017, the Surrey to Coquitlam natural gas line upgrade was completed, installing eleven kilometers of new gas line to enhance our coastal transmission system that serves over 700,000 homes and businesses in the lower mainland.

Regulatory

FortisBC works hard to keep rates fair, equitable and affordable for our customers throughout the regulatory process with the British Columbia Utilities Commission (BCUC). Throughout 2017, we met with customers to better understand their preferences and concerns on how they were billed for electricity. These and other discussions help shape the applications we file with the BCUC in designing our rates.

Leveraging innovation and technology

FortisBC continues to focus on developing new energy offerings to respond to customer preferences and market dynamics. Over the last year, FortisBC adopted technology to maintain and expand our markets, respond to changing customer expectations and improve service delivery. For example, we supported BC Transit and the Resort Municipality of Whistler in converting its public bus fleet to compressed natural gas (CNG), providing decreased fuel costs and lower air contaminant and GHG emissions.

Stakeholder engagement and communications

FortisBC has established a reputation for our proactive collaboration with stakeholders, communities and different levels of governments—a reputation we will continue to build on. In 2017, we provided energy assessments to 233 small businesses throughout the interior of the province and worked closely with several municipalities to take advantage of energy solutions that can help communities reach their regional climate action goals.

Employee leadership and talent development

Our future success depends on supporting employee development. As an organization, we invest in our employees' development through on-the-job learning, tailored work assignments and focused skills training, and support sustained learning for new and existing leaders. By creating an environment where our people can succeed, we maintain a stable and experienced employee base. In fact, in 2017, we honoured 217 employees for their service—with tenures ranging from five to 45 years!

These values and priorities align within the four pillars of our sustainability framework:

Customers

Meeting evolving customer expectations:

- Customer experience
- Operational safety and system reliability
- Public safety, emergency preparedness and response

Partners & Communities

Building strong relationships:

- Community and partner relations
- Indigenous communities engagement and partnerships

Environment

Enabling a sustainable energy future:

- Energy solutions and energy use practices
- Environmental stewardship and management

Employees

Empowering our people:

- Employee engagement
- Employee safety and well-being

Framework overview

Energy at work  FORTIS BC[®]

We've got **Rebates**

Transform your pad
with low-cost tips and
high-efficiency equipment



FortisBC street team members speak to home show attendees about energy saving measures, available rebates and the benefits of natural gas.

The sustainability framework

Our Sustainability Framework is built to ensure the long-term sustainability of FortisBC across four primary pillars: **Customers, Partners & Communities, Environment** and **Employees**. Meeting expectations in each of these areas is crucial in order for FortisBC to meet its business goals in accordance with its values.

Arriving at our framework was no simple task. It was instrumental to gather external perspectives on FortisBC's future sustainability priorities in order to inform and update our Sustainability Plan and ensure that goals and activities were aligned with the needs and priorities of stakeholders and partners. This included a review of the current sustainability practices and identified areas of strength and opportunity. We also conducted internal discussions with employees throughout the organization as well as over 20 interviews with senior leadership of the business community, provincial government, unions, regulators, municipalities, associations and Indigenous groups to understand their perspectives on sustainability.

Understanding where the shared priorities and concerns lay from our stakeholders helped guide our decisions on the sustainability pillars and the framework they support. For example, there was a common view that sustainability should be more than just compliance with standards but rather leadership and demonstrable action.

As such, FortisBC set its sights on being among the leaders in sustainability and finding opportunities to share its accomplishments with British Columbians.

Our sustainability framework aligns well with Global Reporting Initiative (GRI) sustainability metrics. GRI is an independent international organization that has pioneered sustainability reporting since 1997. The GRI Sustainability Reporting Standards are the first and most widely adopted global standards for sustainability reporting.

How metrics were chosen

While there are numerous metrics available, we reviewed our most significant sustainability practices based on their impacts to our business, to stakeholders and to the communities affected by our business. The metrics chosen give a holistic view of where we've been, and provide insight into what is required in order to ensure we continue to make progress on sustainability practices.

All metrics included in this report are aligned with the GRI's standards for sustainability reporting. Benchmarking allows us to find areas to improve upon, as well as where we may be leading the industry when it comes to sustainability.

As our shareholders and stakeholders seek information on a wider range of topics, we plan to expand upon the current reported metrics in order to ensure we continue to evolve and raise our standards around our business practices.

Description of metric categories

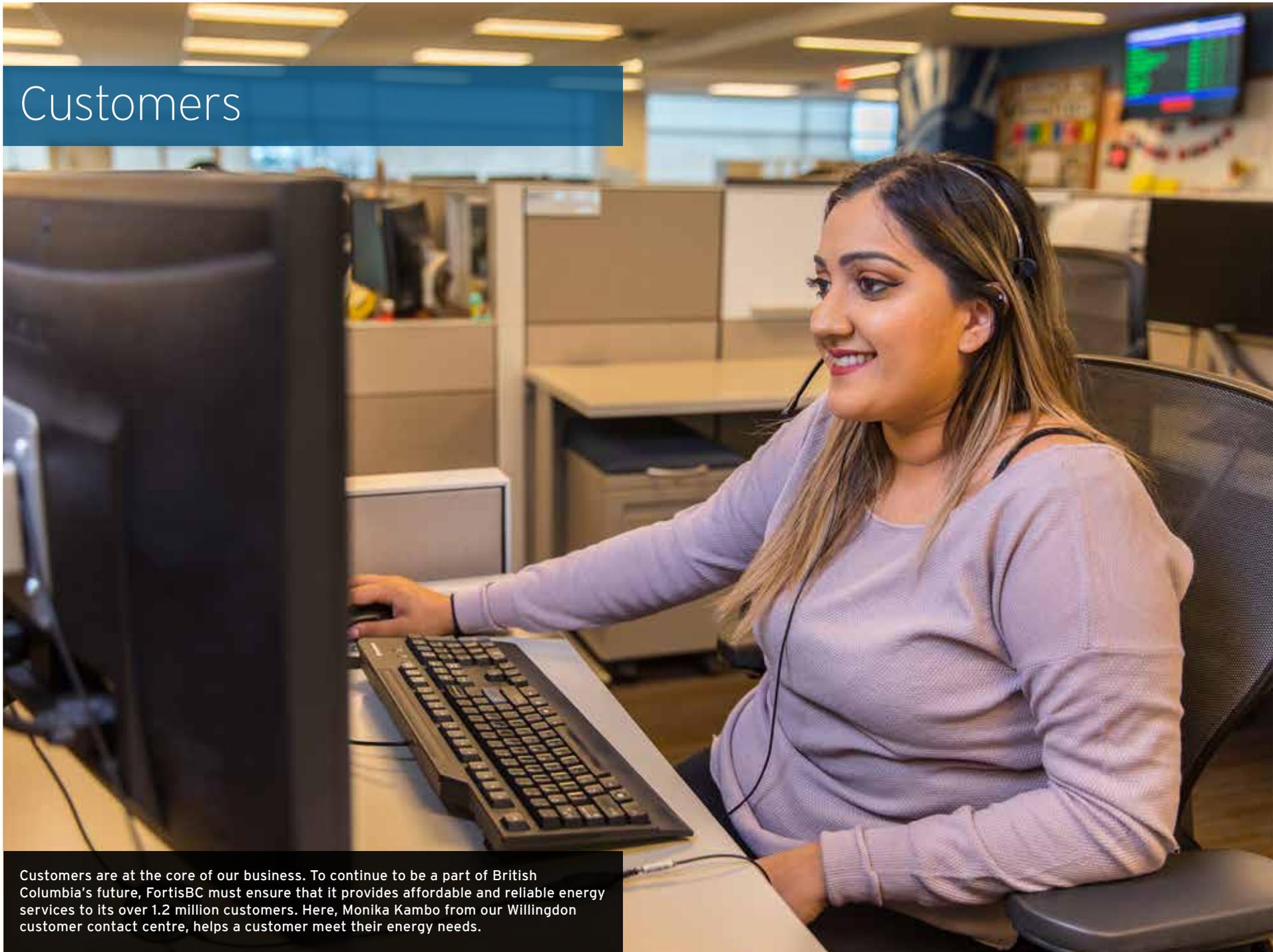
When we measure metrics related to **Customers**, we are considering the quality of service provided to our customers, our public safety awareness programs, emergency preparedness and response and the delivery of energy safely, reliably and at the lowest reasonable cost. We provide our customers with service and innovative solutions to meet their energy needs.

The **Partners & Communities** pillar is a measurement of the relationships we've built with communities throughout B.C. through local investment and honest conduct, including Indigenous communities. We provide gas and electricity service to customers in 135 communities. Our gas and electricity infrastructure crosses more than 150 Indigenous traditional territories and our company also provides service to 56 Indigenous communities. Understanding, respect, open communication and trust are key values in our relationships with Indigenous communities and are embedded in FortisBC's formal Statement of Indigenous Principles.

Environment refers to innovative energy practices that fit in a low-carbon future, including the reduction of GHG emissions, conservation and energy management programs for our customers and energy efficiency within our own operations. It also refers to our record on environmental stewardship and management such as fish and wildlife management near our facilities. Along with anticipating and innovating for British Columbia's future energy needs, we work to deliver and improve upon cutting-edge technology that reduces environmental impacts, including Renewable Natural Gas, electric vehicle (EV) charging stations and natural gas for transportation (NGT).

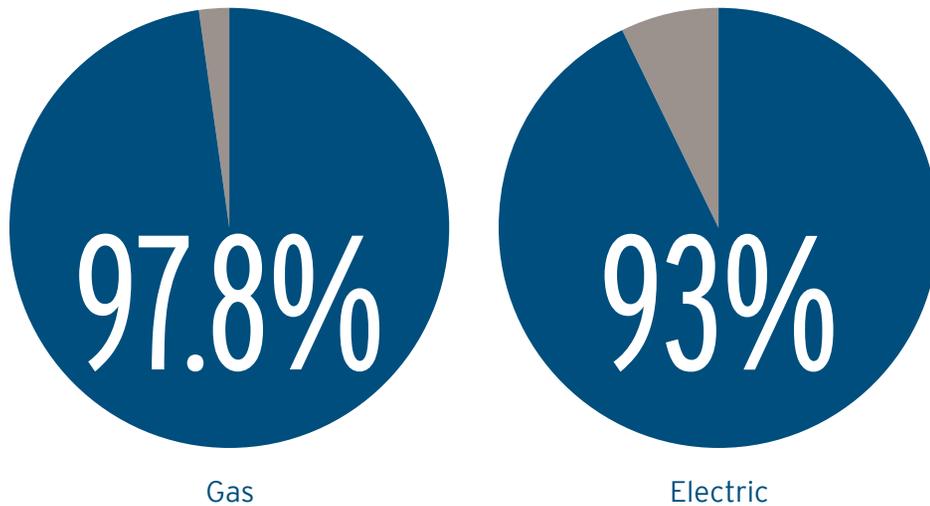
The **Employee** pillar measures the ways in which FortisBC provides a safe, respectful and engaging workplace that recognizes the value that our employees bring to the organization. We focus on a working environment in which everyone is valued, respected and treated with fairness. And we work to strengthen internal relationships and support diversity in the workplace, which enhances our ability to recruit and retain the best talent. By developing a stable and motivated workforce in this fashion, we are able to deliver on customer energy needs and shareholder expectations.

Customers



Customers are at the core of our business. To continue to be a part of British Columbia's future, FortisBC must ensure that it provides affordable and reliable energy services to its over 1.2 million customers. Here, Monika Kambo from our Willingdon customer contact centre, helps a customer meet their energy needs.

Emergency calls responded to within one hour



Responding to emergencies resulting from damage to our electrical and natural gas infrastructure in a timely and thorough manner is critical to ensure the safety of our customers and reliability of service delivery.

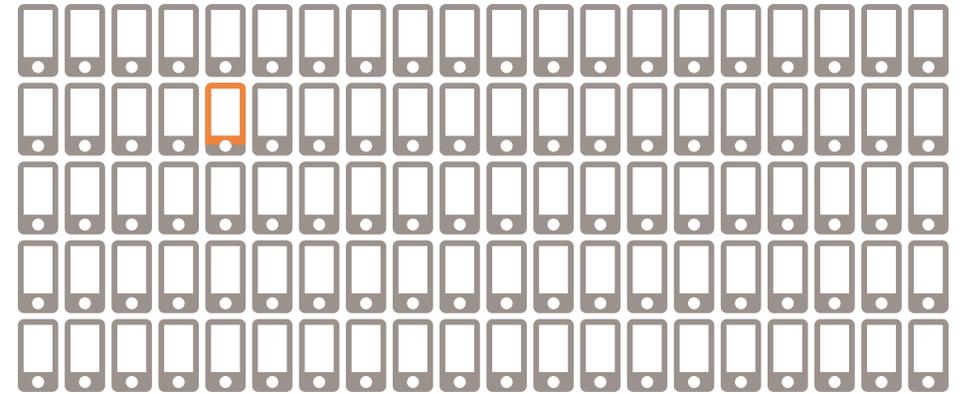
2017 System Average Interruption Duration Index (SAIDI)¹ **4.05**
 2017 System Average Interruption Frequency Index (SAIFI)² **1.78**

Customer service awards and acknowledgements

- Contact Centre and Web Self-Service World Class Customer Experience Certified by SQM Inc. This recognition based on 80 per cent (or higher) of customers getting their call resolved on the first call or first contact with our website for three consecutive months or more.
- Awarded **Highest Customer Service in Energy** for 2017 (among SQM Inc.-rated companies). This recognition indicates FortisBC has demonstrated high first-contact response and customer experience performance.

SQM Inc. provides unbiased evaluations of a company's operations relating to issues of quality, service, cleanliness and value. Awards received reflect relative performance of FortisBC as compared to customer service standards applicable to various industries and service providers.

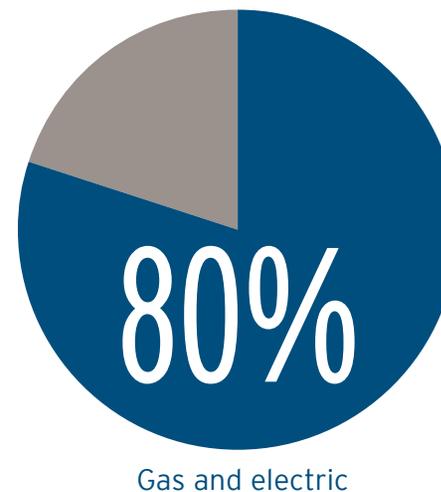
Fewer than one (.85 to be exact) gas line damage incidents for every 100 BC One Call requests



BC One Calls increased in 2017; however, there are still situations where work was undertaken without knowledge of where underground utilities are located.

Resources like BC One Call help underline the importance of "click or call before you dig" to reduce public damage of gas lines. Reducing damage also prevents added GHG emissions.

Customers who achieve resolution in one contact with our call centre



Resolution of a customer's reason for contacting FortisBC is very closely aligned with satisfaction and a strong measure of overall customer satisfaction as a result.

¹ SAIDI depicts the average outage duration for each customer served, indicated in minutes per customer.

² SAIFI depicts the average number of interruptions that a customer would experience, indicated in units of interruptions per customer.

Partners & Communities



As an organization, we draw strength from the communities we work in and work to build relationships based on trust, understanding and mutual benefit. In 2017, our employees worked to help clean up flood damage on Bluebird Beach in Kelowna, supporting communities that are home to many employees.

Community giving

Total dollars directed back into communities through corporate investment and employee donation:

\$2.1 million

Providing support for organizations and charities is one way FortisBC and its employees care for their communities.

Participated in

251

community events

Communities that received community investment:

85

Supporting the communities we work and live in is part of why we are B.C.'s energy leader.

Giving back to our communities is important to allow for communities to grow and prosper.



FortisBC made relationships with Indigenous peoples a priority in 2004 when we signed our Statement of Indigenous Principles. In 2017, we celebrated Indigenous Peoples Day in both our Surrey and Kelowna offices, including a traditional carving demonstration from Xwalacktun of the Kwakwak'wakw nation.

Working with Indigenous communities

More than

\$5 million

earned by Indigenous businesses for the Surrey to Coquitlam natural gas line upgrades in 2017

Indigenous-affiliated businesses provided valuable support in 2017 on the Surrey to Coquitlam natural gas line upgrade.

Indigenous communities received training from the First Nations Emergency Services Society:

126

which we provide with financial support and educational sessions on natural gas and LNG safety

Environment



Through our Conservation & Energy Management programs, we provide energy-efficiency tips and rebate programs to help our customers reduce their overall GHG emissions and help communities meet their Climate Action goals.

Using innovative energy solutions such as Renewable Natural Gas and LNG for transportation reduces GHG emissions.

GHG emissions avoided from Renewable Natural Gas, LNG, CNG, cumulative Conservation & Energy Management and electric vehicle usage¹:

250,000

tonnes CO₂e

Emissions avoided in 2017 are equivalent to heating the communities of Prince George and Vernon combined, or

56,500

households.

Equivalent to taking approximately **53,500** vehicles off the road



Each icon represents 250 vehicles

¹ Values were derived using a variety of industry standard GHG emission factors and inputs. For CNG, LNG and Conservation & Energy Management, the GHG emission factors and inputs are publicly available for review through either the B.C. Low Carbon Fuels Compliance Pathway Assessment or through demand side management reports from FortisBC's website.

² Energy savings are from customers' efforts to encourage efficiencies due to FortisBC programming.

³ A Class 3 spill is defined as an event that results in significant damage that includes large spills in waterways, spills that significantly exceed externally reportable thresholds, a regulatory non-compliance investigation by regulator and/or a fire that may cause damage more than \$100,000.

Offering Conservation & Energy Management programs helps reduce energy demand and improve environmental outcomes.

Energy savings from 2017 natural gas conservation efforts²:

533,000 GJ

Equivalent to the energy used for home heating in **6,000** homes in a year.

Total expenditure through all Conservation & Energy Management programs in 2017: **\$34,000,000**

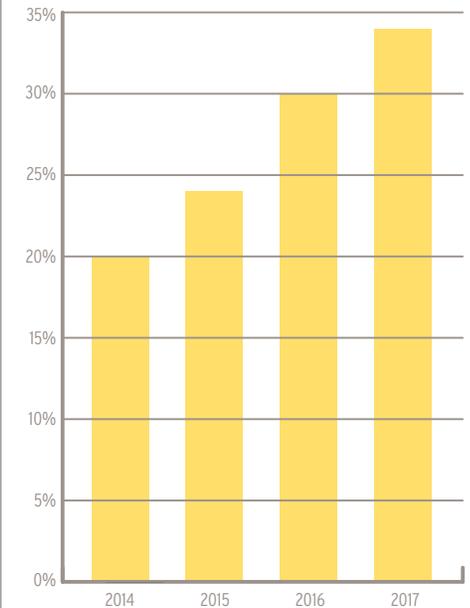
Energy savings from 2017 electric conservation efforts:

27,800 MWh

Equivalent to the power used by approximately **2,600** homes in a year.

Total expenditure through all 2017 Conservation & Energy Management programs: **\$7,300,000**

Growth in customers with paperless billing

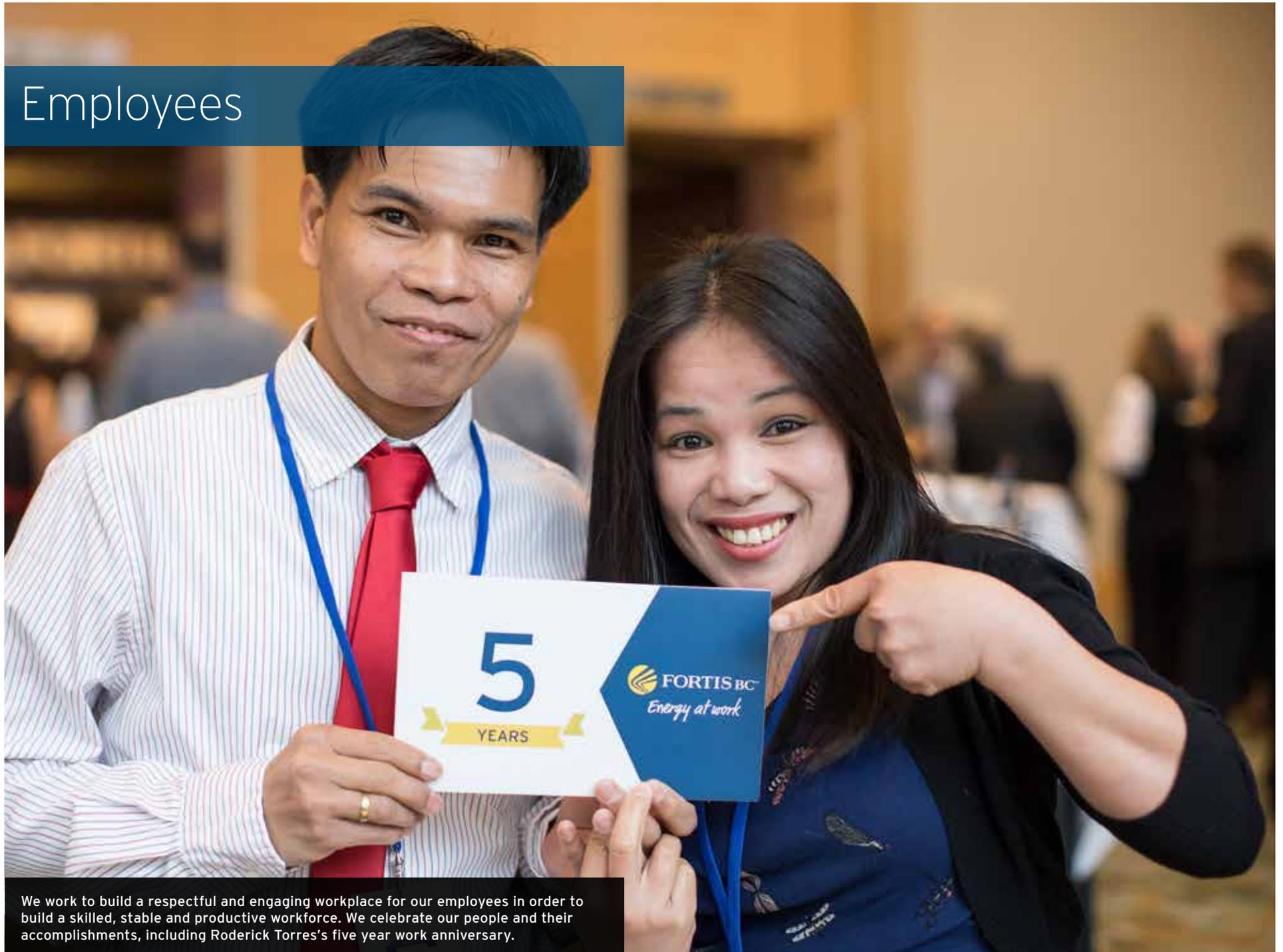


The growing percentage of customers that are on paperless billing represent overall savings for customers as a result of reduced printing and postage-related costs as well as positive impacts on environmental considerations by reducing paper use and waste.

Number of Class 3 spills in 2017 by FortisBC³:

0

Employees



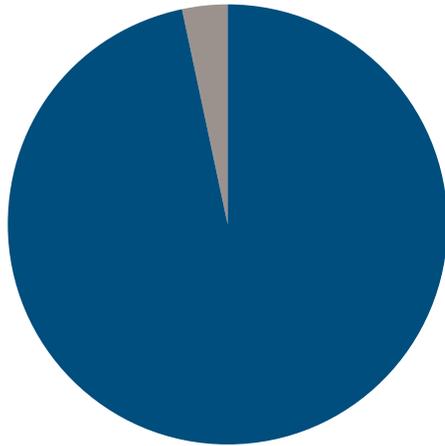
We work to build a respectful and engaging workplace for our employees in order to build a skilled, stable and productive workforce. We celebrate our people and their accomplishments, including Roderick Torres's five year work anniversary.

2017 All Injury Frequency Rate (AIFR) of **1.3** per 100 workers



We maintain strict safety standards to keep our employees safe. FortisBC's Target Zero program has a mission to raise the overall level of safety awareness and to create an environment where everyone works together and watches out for each other to prevent injury and incidents—which will lead us to our target of zero incidents.

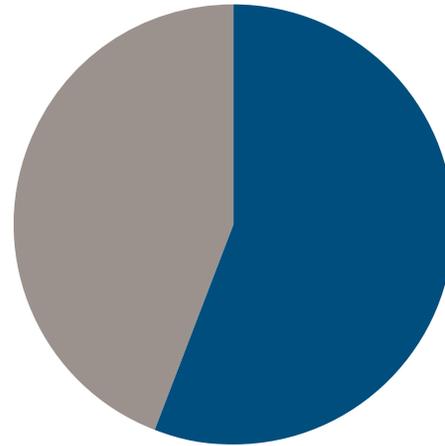
Voluntary turnover of only **3.3%**



Excluding retirements

Our low voluntary turnover rate is indicative of employee satisfaction and engagement.

56% of job postings are filled internally



We support employees' career development by promoting from within.

Training

Overall in-class and online training attendance, including trades, compliance, business and leadership development:

5,300 courses

14,800 participants

Our employees are valued and developed to enhance their careers as well as job-related skills and satisfaction.



Each year, our executive team (including our vice president of external relations and business development Doug Stout pictured here at the podium) speaks directly to our workforce to share the latest in our business direction and share new visions for the future of FortisBC.

Vision for the future



The future is now

As a sustainable organization, we're always looking ahead—innovating for the future, and setting a vision that we move toward with confidence. Our pillars of sustainability—Customers, Partners & Communities, Environment and Employees—provide the framework we need to ensure our vision is as robust as possible.

- We intend to continue to deliver safe, reliable energy in an environmentally-responsible manner to all of the communities that we serve. And we'll continue to earn the trust of those communities through transparency and ethical conduct.
- In doing so, we envision a future where efficiency and conservation lead to lowered energy requirements and lowered emissions, and renewable energy sources become a greater focus in our operations.
- We'll continue to work closely with local governments and organizations to help them lower their emissions, meet Climate Action goals and provide solutions for residents and businesses to save energy and money.
- We've applied to double our conservation and efficiency incentives available to our customers for 2019 and are committed to tripling this investment by 2022, subject to regulatory approval.
- We're working on innovations in biogas, subject to regulatory approval and supply availability, that could boost our supply of Renewable Natural Gas to 10 per cent of FortisBC's annual natural gas demand by 2030.



We are building for the future in our operations and practices to help British Columbia transition to a low-carbon economy and sustainable future.

- We'll support the move to low-carbon, low-emission vehicles by advancing electric vehicle charging infrastructure and conversion of medium and heavy duty vehicles and marine vessels to natural gas in the province of British Columbia.
- We'll continue to expand on our network of fast-charging EV stations so that people can drive their electric vehicle with confidence across our electric service territory.
- We'll work to develop new markets that increase the use of our existing infrastructure, helping to keep delivery rates stable for our customers in the long term.
- We're committed to building effective Indigenous relationships and to ensure we have the structure, resources and skills necessary to maintain these relationships.
- We'll continue to work closely with our customers, allowing us to better understand their needs and expectations so that we can deliver the energy they require.
- Our workforce will represent the diversity of the communities we serve, including Indigenous communities.
- We'll continue to improve our safety practices to ensure that our employees go home safely every day. Our Target Zero program, which aims to eliminate injury and lost-time incidents, will continue to play a large part in protecting both employee and public health and safety.

Q&A with Jody Drope



Jody Drope, Vice President, Human Resources and Environment, Health and Safety

The dialogue around energy provision and environmental policy frames our current operating environment at FortisBC. Jody Drope provides context on how FortisBC has positioned itself to address these topics, and how opportunities for resilience have developed as a result.

Q How does FortisBC's sustainability vision align with the long-term interests of the business?

A We believe by being financially, socially and environmentally focused, our business is sustainable for the long term. We engaged several key internal and external stakeholders in the development of our sustainability framework, which involved meaningful conversation—something that's consistent with our overall approach to

business. From these conversations, four key pillars emerged to comprise our sustainability framework: Customers, Partners & Communities, Environment and Employees.

We place great importance on developing positive relationships with all of our customers and work hard to ensure they have positive interactions with us. Our employees benefit from our Safety First focus, with strengthened health and safety programs, awareness and initiatives designed to prevent safety incidents and injury. We take a forward-looking approach through continuous engagement, based on honest and transparent conduct, with our community partners, stakeholders and rights holders, including municipal and Indigenous parties. And our commitment to minimizing the environmental impact of our operation and reducing global GHG emissions is central to our sustainability strategy.

Q How have international commitments like the Paris Agreement and pressures to reduce GHGs affected FortisBC?

A We were pursuing environmentally responsible energy supply prior to the Paris Agreement and continue to do so. We are very proud to have decreased reported GHG emissions by 26 per cent in 2017 relative to 2005 from gas operations. We see ourselves as part of the solution by providing sustainable energy in B.C. and beyond. We take our leadership responsibility seriously and will continue to pursue innovation and technology to improve the efficiency of FortisBC operations.

Natural gas, in liquified or compressed form, can be used for transportation to replace more carbon intense diesel and marine fuel. LNG can replace diesel fuel and propane for heating and power generation in off-grid communities. And we continue to advance innovative ways to reduce the use of natural gas, such as our Renewable Natural Gas program and exploring methanized hydrogen.

Investments in electric vehicles and charging stations as well as renewables like wind and solar infrastructure are opportunities we're exploring. Our hydroelectric energy from the Columbia River is 99 per cent renewable, which fundamentally contributes to global emissions reductions.

Q Being a regulated energy provider, how does the regulatory and political environment impact FortisBC?

A FortisBC is a leading energy provider in British Columbia. This title does not come without the ability to form strong and positive relationships with our key stakeholders. Regulation confirms to our customers that our strategies for growth have had financial and technical oversight; projects only move forward after careful review and only with the support of our regulators and shareholders. Increasingly, federal and provincial regulations have placed more importance on the environment and on building strong, strategic relationships with Indigenous peoples. We embrace this opportunity by increasing our engagement with communities as well as federal, provincial, municipal and Indigenous policy makers.

Q How has FortisBC helped British Columbians manage their energy consumption?

A We provide guidance and leadership on the efficient use of our affordable, abundant and safe energy supply while focusing on innovative ways to conserve consumption, which strengthens these relationships.

Energy provision, customer satisfaction and ensuring that energy products are safe, reliable and affordable are core business functions. FortisBC takes a proactive role to help customers realize energy efficiencies. Along with our Renewable Natural Gas, CNG and LNG technologies for alternate uses, our Conservation & Energy Management programs provide rebates and other incentives for homeowners and businesses that encourage efficient energy use. In 2017 alone, these programs helped to avoid the release of approximately 250,000 tCO₂e or the equivalent of heating a community approximately the size of Prince George and Vernon combined, or 56,500 households.

Appendix



Performance summary

For 2017, we identified our performance across 40 indicators in our four sustainability pillars. These indicators show an overall performance we can be proud of as well as a road map for continued focus.

As we advance our sustainability program, we'll track our ongoing performance against these indicators and strive for continuous improvement. In future years, this report will contain historical data to enable us to show trends.

Customers Pillar¹

Indicator	2017 Performance
Operational safety and system reliability	
Integrity Management - gas	-2
Integrity Management - electric	-2
Energy use	
Amount of energy delivered, gas and electric ³	64,700 GWh or 233 PJ
Customers	
Number of customers, gas	1,008,000
Number of customers, electric	172,000
Customer satisfaction index - gas ⁴	8.4
Customer satisfaction index - electric ⁴	8.2
Number of cybersecurity incidents ⁵	0
Economic	
Fuel cost savings for customers using natural gas for transportation	-2
FortisBC investment in Conservation & Energy Management programs ⁴	\$41.3 million

¹ This summary table reports on data for FortisBC Energy Inc. and FortisBC Inc.

² Value is not available at time of print.

³ Total amount of natural gas and electricity delivered to FortisBC customers, excluding energy exports and upstream usage, amounts to 51 per cent of energy provided by public utilities.

⁴ As reported to the BCUC.

⁵ A cybersecurity incident is defined as an incident that is reportable to the BCUC.

⁶ Revenues as reported per external financial statements for FortisBC Energy Inc and FortisBC Inc.

Partners and Communities Pillar¹

Indicator	2017 Performance
Economic	
Economic value generated ⁶	\$1,580 million
Economic value distributed	
• Operating costs	\$177 million
• Employee wages and benefits	\$265 million
• Payments to providers of capital	\$471 million
• Payment to government	\$410 million
• Community investment ⁷	\$2.1 million
Social	
Discrimination incidents ⁸	3
Indigenous	
Indigenous rights incidents ⁹	0
Taxes paid when on reserve land (gas and electric) ¹⁰	\$2.1 million
Safety	
Number of emergency exercises ¹¹	18

⁷ Includes investments into the communities including donations, in-kind contributions and sponsorships.

⁸ Incidents include both discrimination and harassment complaints resulting in policy breaches. Policy includes compliance with all applicable legislation.

⁹ Defined as incidents that have been substantiated by an external authority.

¹⁰ For taxes paid on FortisBC land, infrastructure and other taxable real property situated on reserve or treaty lands of any First Nation that has opted to exercise optional legislative power to property taxation.

¹¹ FortisBC defines an emergency exercise as a simulated emergency in which participants carry out roles, actions, functions and responsibilities that would be expected of them in a real emergency.

Performance summary

Environment Pillar¹

Indicator	2017 Performance
Emissions	
Reduction in criteria air contaminants released to the environment through the use of LNG and CNG by customers	-2
Direct GHG emissions ¹²	153,000 tCO ₂ e
Indirect GHG emissions ¹³	5,300 tCO ₂ e
GHG emissions saved from natural gas used for transportation ¹⁴	48,000 tCO ₂ e
GHG emissions saved from LNG used for marine bunkering	9,000 tCO ₂ e
GHG emissions saved from Renewable Natural Gas	7,700 tCO ₂ e
GHG emissions saved from Conservation & Energy Management programs	186,000 tCO ₂ e
Class 3 spills¹⁵	
Number of spills by FortisBC	0
Number of spills by contractors	3
Waste	
Amount of hazardous waste disposed of in accordance with regulatory requirements ¹⁶	170 tonnes
Penalties	
Number of environmental fines and penalties	0

¹² Scope 1 emissions, as defined under the Greenhouse Gas Protocol, are direct emissions from owned or controlled sources. Direct GHG emissions for 2016: 137,000 tCO₂e; 2015: 131,000 tCO₂e; 2014: 151,000 tCO₂e.

¹³ Scope 2 emissions, as defined under the Greenhouse Gas Protocol, are indirect emissions from the generation of purchased electricity. Indirect GHG emissions for 2016: 3,800 tCO₂e; 2015: 3,000 tCO₂e; 2014: 4,300 tCO₂e.

¹⁴ Value differs from the compliance credits as determined by the Renewable and Low Carbon Fuel Requirements Regulation due to designated allowable limits as determined by the B.C. Government for the purposes of reporting under that regulation.

¹⁵ A Class 3 spill as defined by the FortisBC standard is a spill that results in significant damage that includes large spills in waterways, spills that significantly exceed externally reportable thresholds or spills that result in a regulatory non-compliance investigation by a regulator.

Employees Pillar¹

Indicator	2017 Performance
Health and safety	
All injury frequency rate ¹⁷	1.3 injuries/100 workers
Injury severity rate ¹⁸	17.6 lost work days/100 workers
Number of fatalities	0
Number of employees	2,310
Voluntary turnover rate ¹⁹	3.3 per cent
Employees in unions or associations ²⁰	1,538
Diversity	
Women in workforce ²¹	35 per cent
Women in senior management ²²	27 per cent
Women on the board of directors ²³	36 per cent

¹⁶ Hazardous waste as reported on the Movement Document / Manifest form which is required for the movement of all hazardous waste by the B.C. Ministry of Environment Hazardous Waste Regulation. This includes 50 tonnes attributed to a major roof replacement project.

¹⁷ AIFR 3-year rolling average as reported to the BCUC is 1.83.

¹⁸ Depicts the number of lost work days experienced per 100 workers.

¹⁹ Excludes retirements. The voluntary turnover rate includes high turnover departments such as Customer Service, not present in other industry comparators. Values are aligned with the 90th percentile of industry comparators.

²⁰ Includes members from International Brotherhood of Electrical Workers (IBEW) and MoveUp.

²¹ Number of women in workforce, 813.

²² Women in senior management, 68.

²³ Women on board of directors, 4.

Concordance

This concordance table defines and cross-references what frameworks and other standards FortisBC is in accordance with as well as how those metrics can be benchmarked with other organizations. It also provides a format to share this information easily with readers.

A concordance table is valuable for highlighting the broader vision of the company and how the large number of day-to-day operations across the organization are integrated to give a more complete picture of our sustainable practices. Most importantly, it allows for greater transparency and consistency in our reporting.

Customers Pillar

Indicator	Indicator Definition/Intent	Global Reporting Initiative (GRI) ¹	UNSDG ²	TCFD ³
Create value for our customers, employees and shareholders				
First Contact Resolution - customers who achieve resolution in one contact	Indicator represents overall customer satisfaction	G4, PR4, GRI 417-2: Incidents of non-compliance concerning product and service information and labeling	n/a ⁴	n/a ⁴
Gas and Electricity Integrity Management	Indicator demonstrating resilient infrastructure	G4-PR1, GRI 416-1: Assessment of the health and safety impacts of product and service categories and GRI 102-30: Effectives of risk management and processes	9	Yes ⁵
Fuel cost savings for customers by using natural gas for transportation	Indicator highlighting financial savings from the use of natural gas for transportation	G4-EN4, GRI 302-2: Energy consumption outside of the organization	12	Yes ⁵
Emergency response time - calls responded to within one hour	Highlights the importance placed on ensuring safety of our customers and infrastructure	G4-PR1, GRI 416-1: Assessment of the health and safety impacts of product and service categories	7, 9	Yes ⁵
Delivering energy safely, reliably and at the lowest reasonable cost				
System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI)	Depicts the average outage duration as well as the average number of interruptions for our customers	G4PR2, GRI 417-2: Incidents of non-compliance concerning products and service information labeling	7	n/a ⁴
Amount of energy delivered - gas and electric	Depicts the amount of energy delivered safely and reliably to customers	G4-EN4, GRI 302-2: Energy consumption outside of the organization	12	n/a ⁴

¹GRI is an independent international organization that has pioneered sustainability reporting since 1997. GRI helps businesses and governments worldwide understand and communicate their impact on critical sustainability issues such as climate change, human rights, governance and social well-being.

²References United Nations Sustainable Development Goals by number: sustainabledevelopment.un.org/sdgs

³Alignment with Task Force on Climate Related Financial Disclosures.

⁴N/A signifies that the sustainability indicator does not fall within the scope of the UNSDG and TCFD requirements.

⁵Disclose the indicators used by the organization to assess climate risks and opportunities in line with its strategy and risk management process.

Customers Pillar

Indicator	Indicator Definition/Intent	Global Reporting Initiative (GRI) ¹	UNSDG ²	TCFD ³
Delivering energy safely, reliably and at the lowest reasonable cost				
Number of customers	Useful to track trend in number of gas and electric customers	G4-8, GRI 102-6: Markets served	n/a ⁴	n/a ⁴
Customer satisfaction index	Highlights customer satisfaction	G4-PR5, GRI 102-44: Key topics and concerns raised	12	n/a ⁴
Number of cybersecurity incidents	Highlights the emphasis on the security of operations for all parties involved	G4-PR8, GRI 418: Customer privacy (substantiated complaints concerning breaches of customer privacy and losses of customer data)	9	Yes ⁵
Reducing overall environmental impact				
Number of gas line damage incidents per 100 BC One Call requests	Indicator demonstrating public-facing resource to encourage reduced damage of gas lines and associated GHGs	G4-PR1, GRI 416-1: Assessment of the health and safety impacts of product and service categories	9	n/a ⁴

Partners & Communities Pillar

Indicator	Indicator Definition/Intent	Global Reporting Initiative (GRI) ¹	UNSDG ²	TCFD ³
Create value for our customers, employees and shareholders				
Community relations including event participation, charitable giving and community investment	Indicator tracks engagement to foster healthy and involved communities	G4-SO1, GRI 413-1: Operations with local community engagement, impact assessments and development programs	11	n/a ⁴
Dollars earned by Indigenous businesses for the Surrey to Coquitlam natural gas line upgrades in 2017	Indicator depicts the importance of investing in and supporting local community businesses	G4-EC9, GRI 204-1: Proportion of spending on local suppliers (definition by FortisBC must specify that local includes Indigenous communities) G4-HR10, GRI 414-1: New suppliers that were screened using social criteria	8	n/a ⁴
Number of discrimination incidents	Depicts number of discrimination incidents that occurred	G4-HR3, GRI 406-1: Incidents of discrimination and corrective actions taken	3	n/a ⁴
Number of Indigenous rights incidents	Depicts the number of incidents involving non-compliance with Indigenous rights	G4-HR3, GRI 406-1: Incidents of discrimination and corrective actions taken	3	n/a ⁴
Taxes paid for reservations served with existing infrastructure	Value illustrates economic contributions for taxes paid on FortisBC land, infrastructure and other taxable real property situated on reserve or treaty lands of any First Nation that has opted to exercise optional legislative power to property taxation	G4-EC8, GRI 203-2: Significant indirect economic impacts	11	n/a ⁴
Delivering energy safely, reliably and at the lowest reasonable cost				
Economic value generated	Indicator depicts economic value generated and distributed	G4-EC1, GRI 201-1: Direct economic value generated and distributed	8	Yes ⁵
Economic value distributed: Operating costs	Value illustrates economic contributions	G4-EC8, GRI 203-2: Significant indirect economic impacts	8	n/a ⁴
Economic value distributed: Employee wages and benefits	Value illustrates economic contributions	G4-EC8, GRI 203-2: Significant indirect economic impacts	8	n/a ⁴
Economic value distributed: Payments to providers of capital	Value illustrates economic contributions	G4-EC1, GRI 201-1: Direct economic value generated and distributed	8	n/a ⁴
Economic value distributed: Payments to government	Value illustrates economic contributions	G4-EC8, GRI 203-2: Significant indirect economic impacts	11	n/a ⁴
Economic value distributed: Community investment	Value illustrates economic contributions	G4-EC8, GRI 203-2: Significant indirect economic impacts	11	n/a ⁴
Number of emergency exercises completed	Illustrates the commitment to safety through completing emergency exercises	G4-PR1, GRI 416: Customer Health and Safety (Assessment of the health and safety impacts of product and service categories)	3	Yes ⁵

Environment Pillar

Indicator	Indicator Definition/Intent	Global Reporting Initiative (GRI) ¹	UNSDG ²	TCFD ³
Delivering energy safely, reliably and at the lowest reasonable cost				
Number of environmental fines and penalties received	Indicator outlines the number of environmental non-compliance incidents	G4-EN29, GRI 307-1: Non-compliance with environmental laws and regulations	12	n/a ⁴
Reducing overall environmental impact				
Direct GHG emissions	Indicator highlighting emissions from owned and/or controlled sources	G4-EN15, GRI 305: Direct (scope one) GHG emissions	7	Yes ⁵
Indirect GHG emissions	Indicator highlights emissions from the generation of purchased electricity	G4-EN16, GRI 305-2: Energy indirect (Scope two) GHG emissions	7	Yes ⁵
GHG emissions saved from natural gas	Indicator depicts emissions saved through the use of various FortisBC programs	G4-EN19, GRI 305-5: Reduction of GHG emissions	7	Yes ⁵
Reduction in Criteria Air Contaminants released to the environment through the use of LNG and CNG by customers	Indicator highlights the reduction in air pollutants due to the use of LNG and CNG by customers	G4-EN19, GRI 305-5: Reduction of GHG emissions, and GRI 305-7: Nitrogen oxides, sulfur oxides and other significant air emissions	11	Yes ⁵
Number of spills	Indicator outlines the number of spills that occurred by contractors and FortisBC employees and were cleaned up	G4-EN24, GRI 306-3: Significant spills	15	Yes ⁵
Amount of hazardous waste properly disposed of	Indicator conveys the responsible collection and disposal of hazardous waste	G4-EN23, GRI 306-2: Waste by type and disposal method	5	Yes ⁵

Employees Pillar

Indicator	Indicator Definition/Intent	Global Reporting Initiative (GRI) ¹	UNSDG ²	TCFD ³
Create value for our customers, employees and shareholders				
Overall in-class and online training attendance, including trades, compliance, business and leadership development	Indicator highlights learning and development opportunities offered to employees	GRI 404, GRI 404-1: Average hours of training per year per employee G4-LA10, GRI 404-2: Programs for upgrading employee skills and transition assistance programs	4	n/a ⁴
Number of employees	Indicator highlights human capital comprising the company	G4-10, GRI 102-8: Information on employees and other workers	8	n/a ⁴
Voluntary turnover as a percentage of total employees	Indicator depicts employee satisfaction and engagement	G4-LA1, GRI 401-1: New employee hires and employee turnover	8	n/a ⁴
Number of employees in employee unions or associations	Indicator conveys the employee engagement with various associations and unions	G4-HR4, GRI 407: Freedom of Association and Collective Bargaining / G4-11, GRI 102-41: Collective bargaining agreements	8	n/a ⁴
Percentage of postings filled by internal candidates	Highlights internal development opportunities for employees	G4-DMA, and G4-10, GRI 102-8: General disclosures, information on employees and other workers	8	n/a ⁴
Number of women in the workforce	Indicator depicts diversity in the workplace	G4-LA12, GRI 504-1: Diversity of governance bodies and employees	5	n/a ⁴
Number of women in senior management	Indicator depicting women in leadership positions	G4-LA12, GRI 504-1: Diversity of governance bodies and employees	5	n/a ⁴
Number of women on the board of directors	Indicator depicts women in leadership positions	G4-LA12, GRI 504-1: Diversity of governance bodies and employees	5	n/a ⁴
Delivering energy safely, reliably and at the lowest reasonable cost				
All Injury Frequency Rate (AIFR)	Indicator depicts recordable injuries per 100 workers	G4-LA6, GRI 403-2: Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work related fatalities	11	n/a ⁴
Injury severity rate (ISR)	Indicator illustrates the severity of injuries occurred defined as the number of lost work days experienced per 100 workers	G4-LA6, GRI 403-2: Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work related fatalities	3	n/a ⁴
Number of fatalities	Indicator illustrates the number of fatal incidents which occurred	G4-LA6, GRI 403-2: Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work related fatalities	3	n/a ⁴



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Energy at work



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