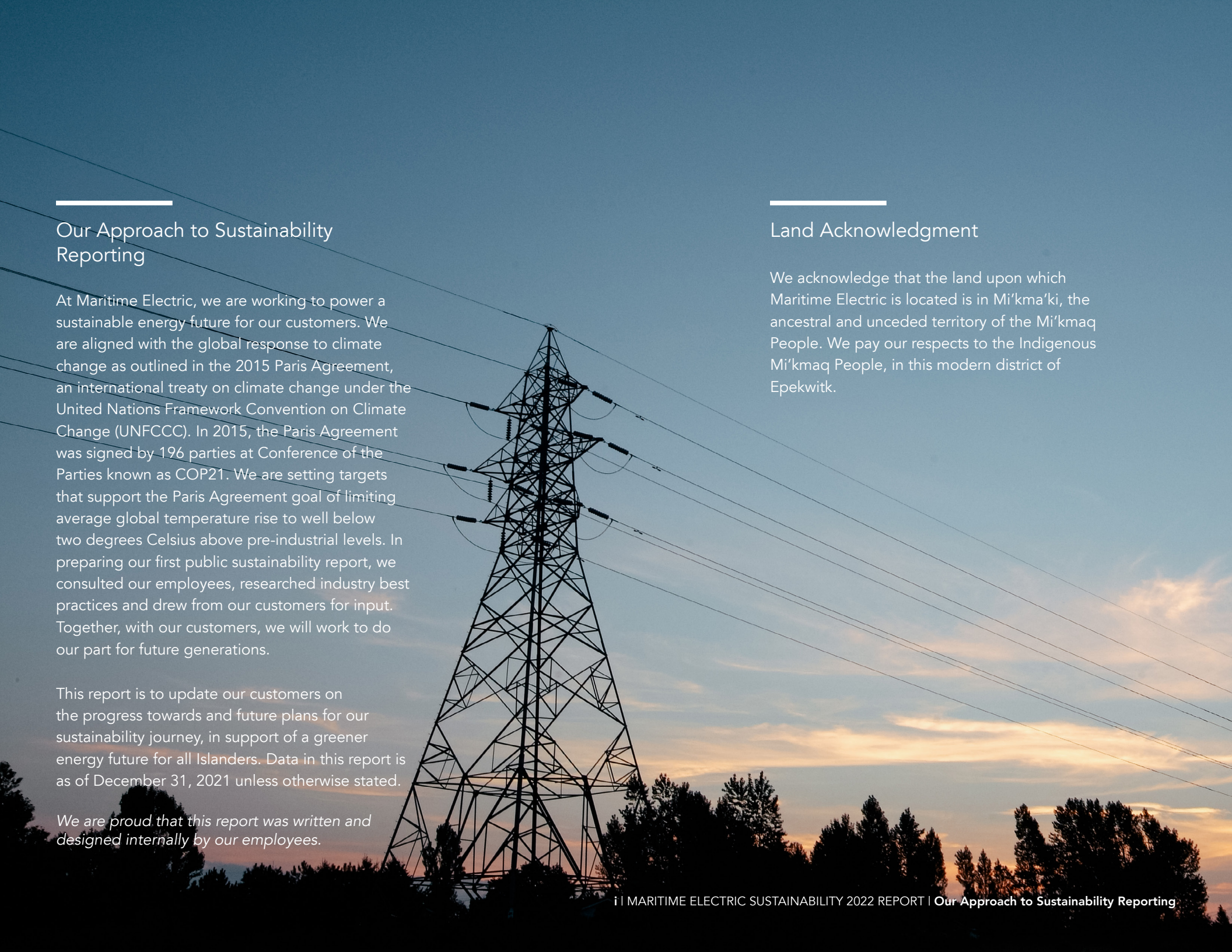

MARITIME ELECTRIC
SUSTAINABILITY
2022 REPORT



Our Approach to Sustainability Reporting

At Maritime Electric, we are working to power a sustainable energy future for our customers. We are aligned with the global response to climate change as outlined in the 2015 Paris Agreement, an international treaty on climate change under the United Nations Framework Convention on Climate Change (UNFCCC). In 2015, the Paris Agreement was signed by 196 parties at Conference of the Parties known as COP21. We are setting targets that support the Paris Agreement goal of limiting average global temperature rise to well below two degrees Celsius above pre-industrial levels. In preparing our first public sustainability report, we consulted our employees, researched industry best practices and drew from our customers for input. Together, with our customers, we will work to do our part for future generations.

This report is to update our customers on the progress towards and future plans for our sustainability journey, in support of a greener energy future for all Islanders. Data in this report is as of December 31, 2021 unless otherwise stated.

We are proud that this report was written and designed internally by our employees.

Land Acknowledgment

We acknowledge that the land upon which Maritime Electric is located is in Mi'kma'ki, the ancestral and unceded territory of the Mi'kmaq People. We pay our respects to the Indigenous Mi'kmaq People, in this modern district of Epekwitk.

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Our employees work to power the electrical system for our customers. Every day, crews work on routine maintenance, customer service orders, line rebuilds and new infrastructure developments – all with a focus on safety. This past year, to build an even stronger safety culture, we introduced two new programs: Focus First and Good Catch. Focus First emphasizes being mindful and focused on the task at hand. Good Catch encourages employees to report potential hazards and make suggestions for safety improvements, before an issue results in an accident or injury.



Energy for our Customers

A Message from Jason Roberts, President and CEO

Thank you for taking the time to read our inaugural sustainability report. I am proud of the work we have accomplished to date and am excited for what the future holds for Maritime Electric. For over 100 years, we have delivered safe and reliable electricity to customers from 'tip-to-tip' on PEI, and in 2021, we became an Electricity Canada Sustainable Electricity Leader™ – the first in the Fortis Inc. family of companies.

This is an exciting and transformative time in our history as electrification is coming to the forefront. Our vision is to power a sustainable energy future for our customers. We purchase 100 per cent of the on-Island wind energy generated by the PEI Energy Corporation. However, to achieve our long-term goals, we will need to integrate even more renewable energy into our grid.

"This is an exciting and transformative time in our history as electrification is coming to the forefront."

Additionally, with the decommissioning of the Charlottetown Thermal Generating Station, and

other initiatives to lower our emissions, our system needs to be ready to accommodate the growing needs of our customers. We need to invest in infrastructure for the future and ensure it can withstand the ever-changing weather as a result of climate change. While doing this work, we remain focused on reliability and affordability for our customers.

Our leadership team and workforce are focused on the task at hand, and we do so with safety above all else. Throughout 2021, we were met with new challenges associated with the COVID-19 pandemic. We adapted by creating new ways of getting the job done, to navigate safely through the pandemic and continue to provide essential service to our customers. I am proud of the way we safely and seamlessly transitioned our operations to keep serving our customers.

Sustainability is an integral part of our business today and for the future. Our journey forward will be guided by our sustainability pillars: Governance, People, Grid, Environment, Business Excellence, and Community. As an essential service provider in our community, we are committed to doing our part to achieve PEI's net-zero goals. We are making the necessary plans to follow through on our continued

mission of providing safe, reliable and sustainable electricity. I am pleased to share our target to reduce GHG emissions from electricity delivered to customers by 55 per cent by 2030. To reach our ambitious target, we will need to integrate more renewable energy through wind and solar projects. As we do so, we will emphasize the importance of a sustainable future for generations of Islanders to come throughout every decision-making process.

"I am pleased to share our target to reduce GHG emissions from electricity delivered to customers by 55 per cent by 2030."

Our team is hardworking and dedicated to ensuring Maritime Electric remains strong, resilient and reliable for our customers – and for future generations. As we work to deliver on this commitment for 2030, sustainability is the lens we apply across the operation in all that we do to deliver a sustainable energy future.

Jason Roberts

President and CEO of Maritime Electric Company, Limited



A Strong Energy Future

A Message from Doug Newson, Chair of the Board of Directors

I am pleased Maritime Electric was the first Fortis Inc. company to be designated an Electricity Canada Sustainable Electricity Leader™ and I am tremendously proud of the work that led up to being awarded this prestigious designation in 2021.

As the Board, we provide direction and oversight on planning, risk management, sustainability, human resources, environment, finance and safety. To facilitate strong governance, each of these areas are overseen by a committee that has mandated responsibilities related to each focus area. These mandates guide our work and drive our results.

The energy industry is changing as we transition towards a low carbon, sustainable economy. On Prince Edward Island, the work is just beginning. I know Maritime Electric's diverse, expert team is dedicated to preparing the electrical system for a strong energy future.

Doug Newson

Chair of the Board of Directors, Maritime Electric Company, Limited

OUR VISION

Powering a sustainable energy future for all Islanders.

OUR MISSION

We are an essential part of our community – providing safe, reliable and sustainable electricity.

OUR VALUES



Safety above all else:
All the time. Every time.



Sustainability in action:
We make decisions today that take care of tomorrow.



Collaborative and innovative:
We know there is always more to learn and our team approaches new opportunities with curiosity.

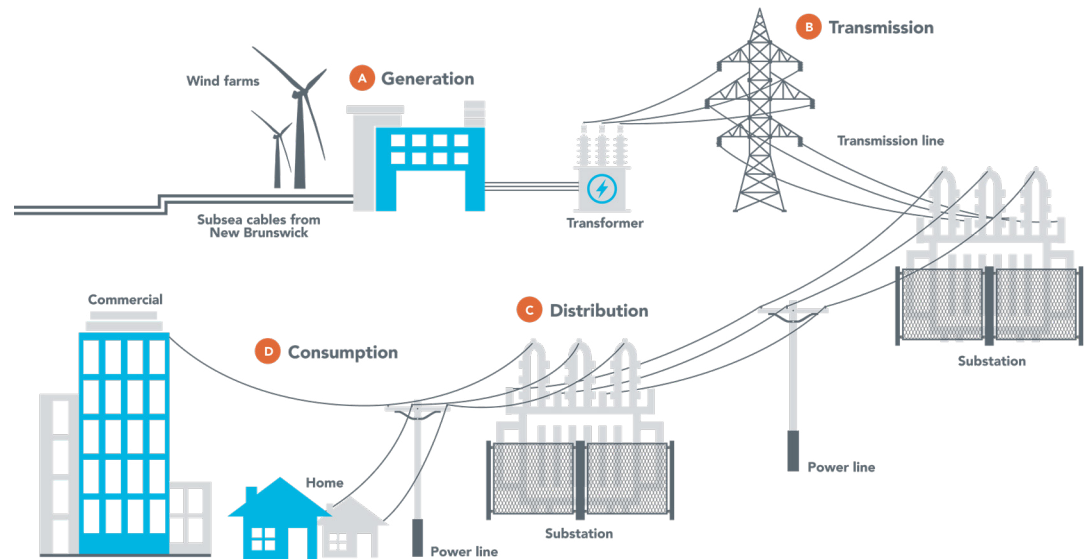


People with integrity:
Honest. Transparent. Courageous. Inclusive. We do what's right.



Rooted in community:
Our employees are family. Our customers are neighbours. We proudly put all our energy into serving Islanders and making an impact in the community.

Delivering Electricity to Customers



Electricity is generated and delivered to customers through our fully integrated electrical system. A) Electricity is sourced from on-Island wind generation, off-Island energy purchases and we also have on-Island combustion turbines for backup generation during system events; B) electricity is transmitted at high voltages through the transmission system; C) electricity is distributed to customers at lower voltages through the distribution system; D) electricity is delivered to customers' homes and businesses through electrical meters. We purchase 66 per cent of our energy from NB Power, which is delivered through the subsea cables. We also purchase wind energy from the PEI Energy Corporation.

Maritime Electric at a Glance

Over 100 Years of History

As an essential service provider, we are part of everyday life on PEI. For over 100 years, we have served customers and focused on building strong infrastructure to support growing electrical needs. We provide safe, reliable and sustainable electricity to over 86,000 customers, connecting the Island and our communities from tip-to-tip.

Maritime Electric operates under the provisions of the Prince Edward Island *Electric Power Act* and *Renewable Energy Act*. As a fully integrated electric utility, we own and operate all of the components of the electrical system, including electricity generation, transmission and distribution.

Maritime Electric was our parent company, Fortis Inc.'s, first investment outside of the province of Newfoundland and Labrador. In 2018, we celebrated 100 years of operation. Today, we have 208 employees, three operational service centres for crews across the Island, and offer in-person and virtual customer service options at our head office located in Charlottetown.

Infrastructure and Reliability

Delivering electricity involves ensuring security of supply and reliability, including backup generation capacity in the event of a major storm or system event. Investing in our transmission and distribution infrastructure is also fundamental to maintaining the reliability of our electrical system. Our infrastructure consists of 30 substations, over 6,500 km of transmission and distribution lines and over 125,000 poles. We also maintain four subsea cables that connect our grid to New Brunswick.

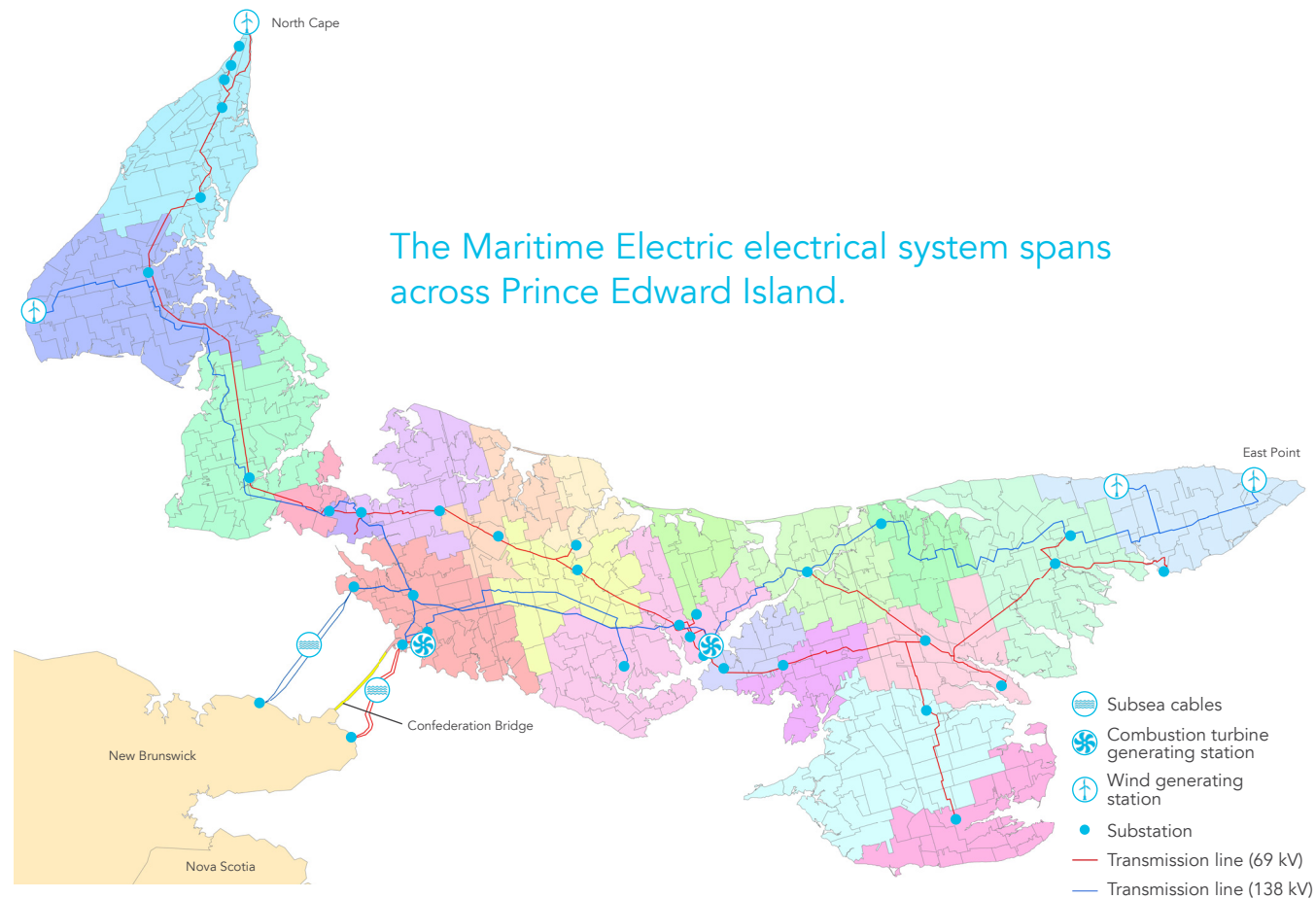
 **125,000+**
distribution and transmission poles
across the Island

6,500 KM+
of transmission and
distribution lines

86,000+
customers and growing

208
employees 

The Maritime Electric electrical system spans
across Prince Edward Island.



The map shows Maritime Electric's electrical system, which spans "tip-to-tip." The system consists of four 138,000 volt subsea cables connecting PEI to New Brunswick, as well as wind farms, combustion turbines, transmission and distribution lines and substations. Maritime Electric purchases 92.5 MW of on-Island wind energy and services approximately 90 per cent of PEI's total electrical load.¹ There is a total of 30 substations on PEI, most of which distribute electricity to a service territory, which are shown as different colours on the map.

Notes

(1) The City of Summerside is excluded from our service territory.

Highlights

2021 was a proud milestone for Maritime Electric as we received the Sustainable Electricity Leader™ designation from Electricity Canada. Obtaining the designation was a rigorous process that included demonstrating conformance with ISO 14001 Environmental Management standard and ISO 26000 Social Responsibility guidelines. In addition to meeting the requirements, verification of compliance was required and completed by a third-party auditor.

Since receiving the designation, we have worked to further integrate sustainability across our business operations. This past year, we benchmarked our current sustainability performance and developed a 2030 greenhouse gas (GHG) emissions reduction target. Our goal is to reduce GHG emissions by 55 per cent by 2030 for emissions associated with electricity delivered to customers, with 2019 as a baseline year.

A new electric vehicle roadmap for our vehicle fleet is underway. We are committed to a 100 per cent light-duty electric vehicle fleet by 2032.

\$89.5 M+
directly contributed to PEI's
economy in 2021

50
Level 2 electric vehicle
chargers installed in
nine PEI communities

\$565 M
in total assets

58%
of customers received electronic
bills, saving 1 million sheets of
paper in 2021

80.5%
of customers rated our
quality of service as good
or excellent¹

7,400
employee training
hours in 2021

94.6%
of new service orders completed
within five business days

1st Fortis Inc. company to be
awarded the Electricity Canada

**Sustainable Electricity
Leader™ designation**



**Sustainable
Electricity
Leader**

15 average years of
employee service



PURCHASED 100%
of the wind energy generated by the PEI
Energy Corporation

1.68 Total Injury Frequency Rate (TIFR)
(below Canadian average of 2.29)


97%
of polling respondents said they were happy with
our service reliability and keeping the lights on²

\$42.2 M
invested in
capital projects

Notes

(1) Narrative Research, 2021 quarterly polling average

(2) Narrative Research, 2021

A photograph of a wind farm on a grassy hill. Several white wind turbines are visible, with their blades blurred from motion. The scene is set during sunset or sunrise, with a blue sky and some clouds. In the foreground, there is a dirt path and a wooden fence. The overall mood is serene and sustainable.

Our target is to **reduce GHG emissions**
by **55 per cent** by 2030.

Our target includes all emissions associated with the electricity on our grid and delivered to customers, with 2019 as our baseline year. To reach the target, we need approximately 100 MW of additional wind energy and 120 MW of solar energy added to our grid by 2030.



Building a Resilient System

A Message from Enrique Riveroll, Vice President, Customer Service

The climate on PEI, like the rest of the world, is changing. We are working across our operations to build a strong and resilient electrical system. Our infrastructure needs to be ready to operate at an increased load due to growing electricity demand and more renewable energy being added to the system. Further, the ability for our infrastructure to operate reliably in the ever-changing weather conditions due to climate change has never been more important.

"We are working across our operations to build a strong and resilient electrical system."

Our focus is to mitigate risk and build an electrical system for the future. Adapting our system to prepare for climate-related challenges will require significantly more investment in our system. We will work towards hardening our system by using climate modelling to plan and build for the future.

At Maritime Electric, we are working with climate scientists and experts to complete a Climate Change

Vulnerability Assessment. The assessment will include climate modeling projections to 2070, which will help determine future planning and system modernization requirements.

As we look across our Island, we know our strategy must include plans to upgrade our infrastructure for decades to come. We participate in the Fortis Sustainability Working Group and the Fortis Operating Group, which offer opportunities for the Fortis Inc. family of companies to share research, insights and best practices on performance, issues, risks and opportunities across North America and the Caribbean. We rely on our shared knowledge to plan and build a sustainable, reliable electrical system to serve our customers for generations with reliable service.

Enrique Riveroll

Vice President, Customer Service of Maritime Electric Company, Limited

Sustainability Pillars

Maritime Electric identified six pillars to help guide our sustainability efforts and goals. We established the benchmark for each pillar in 2021 and we are committed to continuous improvements moving forward.



Governance



People



Grid



Environment



Business Excellence



Community

Governance

Board of Directors

Maritime Electric's Board of Directors is focused on strong leadership in the areas of corporate strategy, succession planning, risk management, sustainability and corporate governance. The Board is independent, led by the Chair, and the majority of members are local Island leaders, including the Chair. Also among the Board members are Fortis Inc. senior executives and utility CEOs. This allows us to be connected to Fortis Inc. and subsidiaries across North America to share best practices and create a network of industry experts and leaders. The board is comprised of two committees: the

Maritime Electric
Board of Directors

11 Board
members

8 Island
community leaders

4 women Board
members

31 average years of
business experience



Our governance structure is independent and grounded in a local operating model.

Human Resources and Corporate Governance Committee; and the Audit and Environment Committee.

Integrity and sound policies and procedures are core to the way we do things. Our code of conduct sets out the high standard of conduct we expect of everyone at Maritime Electric, and the principles and concepts in the code apply across the entire Company.

Sustainability Governance

In 2021, we incorporated new sustainability reporting in the annual Board schedule, which is reviewed by the Human Resources and Corporate Governance Committee on a quarterly basis. The Board is committed to providing strong and effective oversight of our efforts and journey towards a sustainable electricity future. Additionally, in 2021, the Board completed a diversity, equity and inclusion (DEI) survey, the first in a benchmark plan for annual DEI reporting.

New Policies

Since becoming a Sustainable Electricity Leader™, we have implemented several new policies and procedures related to sustainability. Our Sustainability Policy demonstrates our commitment to the sustainability pillars of our business. Other new policies and procedures include: an Employee Volunteer Guideline, a Public and Stakeholder Project Consultation Policy and a Community Outreach and Investment Guideline.

Achievements

- ✓ Electricity Canada Sustainable Electricity Leader™ designation
- ✓ New Sustainability department
- ✓ Sustainability transparency and public reporting benchmarks developed
- ✓ Completed DEI Board survey

People

At Maritime Electric, our 208 employees are the foundation of our success. We take pride in our work as a team. In 2021, 65 per cent of our employees were part of the International Brotherhood of Electrical Workers Union. Our union employees, management employees and contractors work together to achieve our collective goals.

Our team's commitment and resiliency was particularly evident during the COVID-19 pandemic. During this unprecedented time in our history, we successfully continued serving our customers. We created new ways of operating and worked safely and seamlessly from home, as required, and successfully prevented COVID-19 outbreaks in our facilities.

Health and Safety

Maritime Electric is grounded in decades of high safety standards and we continue to focus on improving health and safety. Our Health and Safety Policy outlines our commitment to providing safe and healthy working conditions to prevent injury and illness for all employees, contractors and visitors, and continually improving our health and safety performance. Additionally, through our



Through our employee-developed Focus First mindfulness program, we are incorporating training and mindful work practices across Maritime Electric.

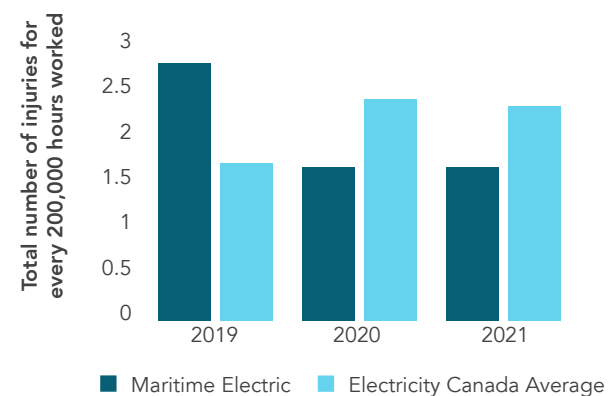
annual President's Safety Awards, we recognized employees whose actions helped ensure the health and safety of their fellow employees, contractors and members of the public. This past year we invested over \$600,000 in training and development for our employees. Training topics included safety best practices, safety awareness and skills development. We were also recently recognized as a 2021 top performer by Electricity Canada for our safety incident performance data. The data showed a notable improvement in serious electrical energy incidents, vehicle incidents and 'struck by/against' incidents.

Our approach to health and safety is guided by our Health, Safety and Environment Management System (HSEMS) which aligns with ISO 45001. Every three years, we complete a full safety audit. As an indicator of safety performance, we track our Total Injury Frequency Rate (TIFR). TIFR represents the total number of injuries for every 200,000 hours worked by employees. Last year, we achieved a

TIFR of 1.68, compared to the Canadian national average of 2.29.¹

The consistent reporting of near misses reflects a strong safety culture and our employees' willingness to report incidents when they occur. In 2021, we launched two new safety programs: Focus First and Good Catch. Focus First is a

Total Injury Frequency Rate



Notes

(1) Based on Electricity Canada numbers

mindfulness program that encourages employees to manage distractions and remain focused on the task at hand. Our employees know they have the ability to eliminate preventable incidents by being mindful. Good Catch is a program that encourages employees to suggest improvements to work processes, signage or other measures to help control safety hazards and prevent an accident before it happens.

Employee Wellness

As part of our employee wellness initiatives in 2021, we launched an annual wellness credit, which employees can use towards health and fitness related expenses. We also have an Employee Assistance Program, which provides access to confidential, professional counselling to regular full-time employees, their spouses and dependent children.

Diversity, Equity and Inclusion

As leaders in our communities, we champion diversity, equity and inclusion in the workplace. We strive to create an environment where everyone feels welcome and can bring their authentic selves to work. We introduced the Powering Opportunities for Women campaign to profile women in traditionally male-dominated roles, including



Our employees planted trees at a local park in Charlottetown through our Trees for Life community program. Pictured (left to right): Megan, Cecil and Nayoung.

engineering and operations. As a result, a record number of women applied to the 2021 Power Line Technician Apprenticeship and a selection were invited to participate in the four-week training.

For several years, Maritime Electric's Women in Energy Leadership Group has encouraged and supported networking and business opportunities for women. We host a business speaker series to learn from other women leaders in our community and create a strong learning network.

Volunteering in our Communities

We believe in the importance of supporting the

communities we serve. Every year, our employees volunteer countless hours of their time to support organizations and causes across the Island. Employees also have the opportunity to volunteer through our annual Trees for Life program. Each year, Maritime Electric employees plant trees at Island schools, parks or communities as part of the program. Trees help absorb carbon dioxide (CO₂), prevent soil erosion and provide shade. The program also fosters teamwork across departments.

Employee Engagement

Employee engagement is an important aspect of creating a strong corporate culture, and visible



leadership is key to employee engagement. In 2021, we introduced annual employee Town Hall events in which the Executive team presents an overview of business plans and answers employee questions.

Maritime Electric has several employee committees to promote employee engagement and a strong corporate culture. Committees also allow employees to work together on health and safety initiatives. Employee committees include a Joint Occupational Health and Safety committee, Labour Management Committee, Total Health Committee and Social Light Committee.

In addition to our internal committees, some of our employees participate on Electricity Canada and Canadian Standards Association committees to assist in improving industry standards.

Achievements

- ✓ Launched Focus First and Good Catch safety programs
- ✓ Started annual employee wellness credit
- ✓ Introduced Employee Town Hall events

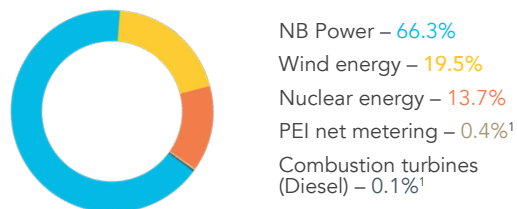
Our employees take pride in their work to power the lives of our customers. Pictured left to right (top row): Matt and Charles, (middle row): Karen, Carson and Marianne, (bottom row): Adam and Mike.

Grid

Powering PEI's Transition to Net-Zero

We are committed to supplying Islanders with cleaner and greener electricity. In 2021, we supplied customers with electricity that was 86 per cent non-emitting. In 2021, we purchased over \$30 million of wind energy from on-Island wind farms, which represents 19.5 per cent of all energy supplied into our grid.

Our Energy Supply Mix (2021)



Our target is to reduce total electricity GHG emissions by 55 per cent by 2030.² This ambitious target exceeds the UNFCCC Paris Agreement emissions pathway of limiting the average global temperature rise to less than two degrees Celsius above pre-industrial levels. It will also support the Government of PEI's transition to net-zero by 2040. To achieve this, we will need to integrate significantly more renewables, such as wind and solar energy, into our system.

Notes
(1) Depicted on graph to scale
(2) Baseline year of 2019



Incorporating more wind and solar energy sources into our grid is an important part of reaching our target for 2030. This includes helping our customers connect small renewable energy systems (such as rooftop solar) to our grid through our net metering program. In 2021, there were over 1,000 net metering customers connected to our grid.

In 2021, we helped over 400 new customers connect small renewable energy systems, such as rooftop solar, to our grid through our net metering program. This represents an increase of over 4,000 kW of new PEI renewable energy installed in 2021.

Our infrastructure consists of 30 substations, over 6,500 km of transmission and distribution lines and over 125,000 poles. We also maintain four subsea cables that connect our grid to New Brunswick. These pieces work together to deliver power to over 86,000 customers, both residential and commercial, across the Island.

Investing in our Grid for Tomorrow's Energy Needs

Planning for the future means planning for electrification. With electrification, our system load is expected to grow significantly in the coming decades. Preparing for this increase

will require investments in grid modifications, system assessments, infrastructure replacements, expansions and reinforcements. We will also need additional substations and infrastructure that provide redundancy and system hardening, new smart grid equipment and more renewable energy to meet our targets.

We are embarking on a major transition in our history. Managing the flow of energy is more complex when adding renewable energy sources due to their intermittent nature. These complexities present challenges and the need to maintain reliability of power for our customers is paramount. Additionally, the Government of PEI and the Government of Canada have set ambitious net-zero plans. We are working to meet these targets and ensuring that our system can support the future growth and needs of our customers.

Strengthening our Grid for Tomorrow's Climate

As we plan for the future, investing in our transmission and distribution infrastructure is fundamental to maintaining a strong and resilient grid. We are working with energy suppliers and reviewing our operational practices to be even better for our customers.

Customer Service Reliability

Last year, we began a Climate Change Vulnerability Assessment, a system-wide review of the potential long-term impacts of climate change on our system. The assessment involves combining future climate modelling and impacts to evaluate risk towards our infrastructure. The results of the review will help us develop climate change adaptation strategies to strengthen our grid for tomorrow's climate.

In 2021, the average hours of interruption per customer under normal operations was 3.04. We continue to work diligently to improve our outage response times. Trees and wind have accounted for the largest portion of power outages in the past decade.

Eastern Cedar Pole Replacement Program

We used artificial intelligence technologies to



Vegetation management is a priority focus to improve reliability of service for our customers.

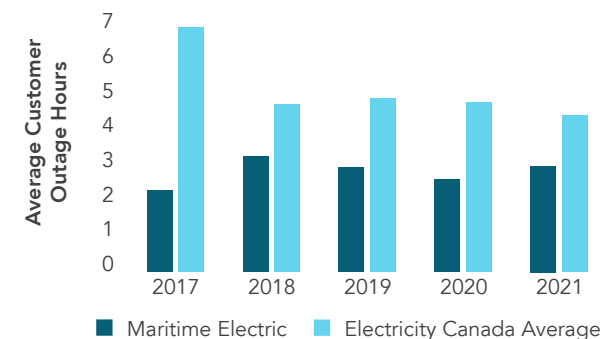
identify aged eastern cedar distribution poles across the system that needed replacing and to prioritize the replacement cycle. We have currently replaced 39 per cent of the remaining eastern cedar electrical poles since the replacement program began several years ago. We are on track to meet our goal of replacing all by 2030.

Cause Breakdown of Major Event Outage Hours (2011-2021)



Adverse weather (Wind and trees) – 51%
Adverse weather (Snow and sleet) – 18%
Foreign interference (Vehicles/ Boom and other) – 11%
Loss of supply (Transmission) – 10%
Scheduled outage (Pre-arranged) – 7%
Defective Equipment (Pole and connectors) – 3%

Average Electricity Outage Duration Under Normal Conditions



Achievements

- ✓ New GHG emissions reduction target
- ✓ 86 per cent non-emitting grid in 2021
- ✓ Wind supplied 19.5 per cent of our energy supply mix
- ✓ Began Climate Change Vulnerability Assessment

Environment

Our approach to environmental stewardship always involves a forward-looking focus, to provide sustainable electricity for our customers for future generations.

At Maritime Electric, we use an Environmental Management System to record spills, maintain a hazardous materials database, manage hazardous waste and complete corrective actions. Every two years, our Environmental Management System undergoes a detailed audit by a third party. As part of our environmental efforts, we also complete thorough inspections of assets that contain hazardous materials to identify potential failures before they happen. These efforts, along with our extensive environmental readiness training, have resulted in strong environmental performance throughout the years. In 2021, there were 13 spills, none of which were considered violations of environmental regulations. Spills typically occur due to equipment failures, weather events or public contacts.

In 2020, Maritime Electric started a polychlorinated biphenyl (PCB) Removal Program to remove all equipment containing PCB with a concentration above 50 parts per million (ppm) from our system. The program follows extensive work to test all of

our transformers from the years prior to 1982 to identify and prioritize transformers for replacement. We are on track to remove all equipment containing PCB with a concentration above 50 ppm by 2025, a requirement by the Government of Canada.

Maritime Electric has an Environmental Protection Plan (EPP) developed by a third party that provides instructions for mitigation during the construction of transmission lines. For larger scale projects, as required by the PEI Environmental Impact Assessment review process, project-specific EPPs identify unique risks to specific areas.

Greenhouse Gas Emissions

In 2021, we benchmarked our Scope 1, Scope 2 and Scope 3 GHG emissions and recognized the significance of each scope. Our Scope 3 emissions are the highest component of our total emissions at 90 per cent, because we purchase the majority of our electricity from third parties. Our 2030 target to

reduce GHG emissions associated with electricity delivered to customers by 55 per cent includes emissions from our owned fossil fuel generating facilities, Scope 1, and all Scope 2 and Scope 3 emissions. We are committed to reducing the emissions associated with the electricity delivered to customers to ensure a cleaner, greener energy future for PEI. We are also working on plans to reduce our Scope 1 emissions from our operations, including our transportation fleet. We have established a target to convert 100 per cent of our light-duty vehicles to electric by 2032.

Decommissioning the Charlottetown Thermal Generating Station

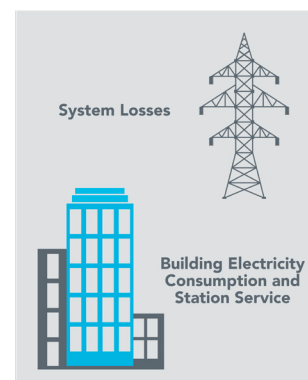
Maritime Electric is currently in the process of decommissioning the Charlottetown Thermal Generating Station (CTGS). Before the installation of subsea cables connecting PEI to New Brunswick, CTGS was the primary source of electricity generation on the Island. Over the years, we have

Benchmarking our Scope 1, 2 and 3 GHG emissions in 2021



SCOPE 1

GHG emissions from sources that are owned by Maritime Electric
4,613 tonnes CO₂e (2%)



SCOPE 2

GHG emissions from electricity purchased and used by Maritime Electric
25,065 tonnes CO₂e (8%)



SCOPE 3

GHG emissions from electricity purchased and sold by Maritime Electric
274,272 tonnes CO₂e (90%)

retired steam turbine units at CTGS and reduced fuel and water consumption on the site. We have made significant progress at CTGS since 2015 by decreasing Scope 1 GHG emissions by 87 per cent.

Converting to LED Street Lights

Maritime Electric owns and maintains over 12,000 street lights along PEI roads. Since 2018, we have installed over 9,500 LED street lights. LED street lights are more energy efficient than traditional street lights, consuming less than half of the energy. In 2021, our installed LED street lights helped save approximately 120,000 kWh. Our goal is to convert all of the remaining non-LED street lights to LED by 2025.

Electronic Billing

In recent years, we have made significant efforts to convert customers from paper to electronic billing. Currently, 58 per cent of our customers receive their Maritime Electric bills electronically, which significantly reduces paper consumption. These customers helped save approximately one million sheets of paper in 2021.

Wildlife Protection

For decades, we have cared for wildlife on PEI while

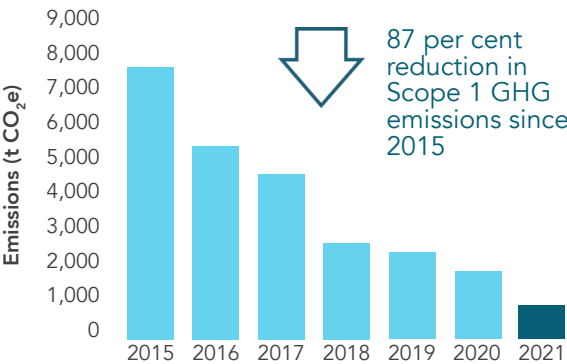


We helped rescue an eaglet fledgling from a transmission tower in Borden-Carleton with the local community and Atlantic Veterinary College. The eaglet was released safely back into the wild.

maintaining our electrical system. Bird species, such as ospreys and eagles, sometimes construct nests on our infrastructure, which can cause outages and put the birds at risk. We have osprey nesting platforms across PEI to provide a safe location for birds to nest. We work with provincial conservation

officers to safely remove ospreys from dangerous locations and relocate them to nesting platforms while keeping nests intact.

Charlottetown Thermal Generating Station
Scope 1 Emissions (tonnes CO₂e)



Achievements

- ✓ 87 per cent reduction in Scope 1 emissions at the Charlottetown Thermal Generating Station since 2015
- ✓ Installed over 11,500 LED street lights
- ✓ 120,000 kWh saved in 2021 through LED street light replacement program
- ✓ 58 per cent of customers converted to electronic billing

Business Excellence

We strive to continuously improve our performance and customer service by optimizing the use of technology, capital investment, innovation and our internal processes for improvement.

Customer Service

In 2021, our on-Island contact centre team managed over 175,000 customer inquiries by phone, email, web chat and in-person services. Since 2017, the number of subscribers to our social media channels has nearly tripled. Combined, our Facebook and Twitter accounts had over 18,000 subscribers at year end. Having multiple communication channels is important to meet the needs of our customers.

We track customer service performance and customer satisfaction through multiple channels. Our contact centre uses key performance indicators to track service delivery levels, including Grade of Service, which is based on the volume of customer calls answered within 30 seconds. In 2021, our Grade of Service was 84.8 per cent.

Our quarterly customer satisfaction survey is conducted via phone by a third-party provider. Randomly selected customers are asked a series



Our on-Island contact centre team managed over 175,000 customer inquiries by phone, email, web chat and in-person services.

of questions regarding their perception of the overall service they receive, and an overall score is provided based on four pillars: overall quality of service; restoring power in a timely manner; concern for public safety; and satisfaction with most recent contact (among those who contacted us in the past six months). In 2021, the overall opinion of the quality of service we provided was rated good or excellent by 80.5 per cent of polling respondents.

Continuous improvement in our customer's experience is one of our key focuses. In 2021, we added a New Service Tracker tool for customers. The tool provides updates to customers online via MyPower for new services work and indicates key milestones during a customer's service order journey. In 2021, 94.6 per cent of new service orders were completed within five business days.

Last year, we provided customized customer

experience training for all employees, which emphasized the importance of customer experience excellence across our operations. One hundred per cent of employees said they were satisfied with the training and we added the program to our employee onboarding process.

Business Continuity

Maritime Electric's Business Continuity and Crisis Communications Plans are reviewed annually. The goal of the Business Continuity Plan is to assist in effectively managing operational crises, such as major system events or natural disasters. The Crisis Communications Plan ensures we are prepared to communicate with our customers and stakeholders in the event of a crisis or critical incident. As an essential service provider, these plans are a vital part of emergency preparedness and response. We test these plans regularly through internal tabletop exercises.

Cybersecurity

In the ever-changing world of technology, proactive cybersecurity management and training are essential. Throughout 2021, we provided cybersecurity training to all employees in the areas of password security, phishing, email security and overall best practices. Cybersecurity training is fundamental to protecting both Maritime Electric and the personal information of our customers. Training offerings such as these helped contribute to zero reported security breaches in 2021.

Our Cybersecurity Risk Management Program (CRMP) aims to continuously improve information sharing and our cybersecurity culture. The CRMP allows for the identification, measurement, monitoring and management of cybersecurity risks. We also complete an annual cybersecurity tabletop exercise with other Fortis Inc. companies to learn and develop responses to cybersecurity scenarios. These experiences prepare our employees and foster continuous learning in the workplace.

Procurement

In 2021, we issued an environment, social and governance (ESG) survey to a diverse group of vendors. The survey helped us better understand



All of our employees are required to complete cybersecurity training. Proper and thorough training helped contribute to zero reported cybersecurity breaches in 2021. Pictured: Nathaniel, IT Support.

ESG practices of our suppliers and contractors. We received an 86 per cent response rate, and 42 per cent of survey respondents reported having a sustainability policy within their organization and are on track to achieve diversity, equity and inclusion goals. Additionally, 65 per cent support local communities through corporate donations or volunteering. Results from our annual ESG surveys will help us plan for the future and educate our vendors on the importance of sustainability.

Achievements

- ✓ 84.8 per cent of calls answered within 30 seconds or less
- ✓ Issued first ESG survey to vendors
- ✓ 80.5 per cent of customers rated our quality of service as good or excellent
- ✓ Zero reported cybersecurity breaches
- ✓ 18,000+ social media subscribers

Community

At Maritime Electric, we are passionate about the communities we serve. In 2021, we donated to over 200 organizations, charities and events across the Island, including a contribution to the new Charlottetown Library Makerspace and the 2023 PEI Canada Games.

Throughout the COVID-19 pandemic, we provided additional and continued support to Island organizations that provided various programs and services to Islanders.

Our community giving approach supports local, and helps us give to a significant number of organizations each year. This philosophy ensures we can support many different organizations, events and causes across PEI, from major hospital fundraising campaigns to small music festivals in rural communities.

It is important to us that our impact reaches and supports as many Islanders as possible, and also that our community and local organizations know that we are committed to supporting them. We respect the time and dedication of local volunteers who request donations by responding to the majority of donation requests within 30 days.



Pictured left to right (top row): Dr. Amy Hsiao and students (ProGRES at UPEI); Jessica Gallant, Jennifer Correa, Christine Kleinstaubert, and Karen MacLeod-Wilkie (PEI Business Women's Association Microgrant Recipients); (middle row): Ron Casey, Olivia Rukavina and seated in front, Adam Bateman (Stars for Life Foundation for Autism); Christina, summer student, and Kathy Roney (Souris Show Hall); Nikki Gallant and Megan Gallant (Chief Mary Bernard Memorial Women's Shelter); (bottom row): Rachel Frizzell, Curtis Frizzell and Hannah Frizzell (Wheatley River 4-H Club); Nicole Ward (Upper Room Hospitality Ministry).

Education and Outreach

For over 30 years, we have offered a school electrical safety presentation called The Shocking Truth to Grade 6 classes Island-wide. The presentation is available in both English and French. During the COVID-19 pandemic, we provided a new virtual option when schools were doing online learning.

Our safety outreach also includes a number of public safety communications campaigns and partnerships, such as our dump truck safety campaign, "Eyes Up. Box Down. Home Safe."

Indigenous Relations

We value Indigenous people. For many years, we have worked to support and respectfully engage with local Indigenous communities. The input we receive on our projects helps foster a deeper understanding of Indigenous knowledge and practices. We communicate with the Mi'kmaq Confederacy of PEI and L'NUEY, as they are integral to ensuring a sustainable electricity future. It is also our practice to communicate with Mi'kmaq Confederacy of PEI and L'NUEY during the planning phase of major projects.

In 2021, we hired an Indigenous sustainability intern



We have supported the Island Nature Trust's Piping Plover Conservation Program for ten years. Through this program, the Island Nature Trust helps protect the piping plover nesting grounds on PEI. They also provide information to beach-goers during the summer months to stay away from nesting areas. We are proud to support this program each year to help protect this important species.

in partnership with the Mi'kmaq Confederacy of PEI. The sustainability intern focused on building capacity and assisting with sustainability initiatives. We are thankful for the insight and learnings to date on projects and best practices from Indigenous Peoples and organizations.

We also participated in a Learning Circle with Indigenous elders in 2021. Our employees are working to learn from our past and grow stronger together for the future.

Achievements

- ✓ Over 200 community donations
- ✓ Indigenous sustainability internship
- ✓ Decades of electrical safety education

Community Giving Categories



Education



Health



Sport



Arts and Culture



Safety and Environment



Community

Our Journey to Net-Zero

We are prepared to power PEI's transition to net-zero with electricity.

We support the Government of PEI's targets of net-zero energy by 2030 and net-zero by 2040. In 2021, our grid was comprised of 86 per cent non-emitting sources. We plan on building upon our non-emitting success by integrating even more renewable energy, including wind and solar, into our grid.

We do not have all the answers today but we're working on it. Achieving net-zero will require us to consider innovative technologies in the future, such as energy storage. We have a dedicated team of employees who are motivated to building and maintaining an electrical system that powers PEI's transition to net-zero. We are also working hard to ensure our system can withstand the impacts of climate change to maintain strong reliability performance for our customers.

As our reliance on electricity to power our vehicles and heat our homes increases, it is important that we build a strong and reliable electrical system that can support electrification. We will continue to make prudent investments in infrastructure upgrades and additions to support the additional



We are continuously making infrastructure upgrades and improvements to our system to help power the transition to electric vehicles and home heating.

load of electrification, while focusing on affordability for our customers.

Our vehicle fleet accounts for approximately 30 per cent of our total Scope 1 GHG emissions. In 2021, we developed an electric vehicle roadmap, which outlines the purchase of electric vehicles and the installation of charging infrastructure within our operations. We have a target to convert 100 per cent of our light-duty vehicles to electric by 2032. Currently we have one battery electric vehicle and two plug-in hybrid electric vehicles in our transportation fleet.

In 2021, Maritime Electric partnered with Natural

Resources Canada, the Government of PEI and nine Island communities to install 50 Level 2 electric vehicle charging stations across PEI in Alberton, Charlottetown, Cornwall, Miltonvale Park, Morell, Resort Municipality, Stratford, St. Peters Bay, and Three Rivers. The project will help customers transition to electric vehicles and contribute to reducing emissions on PEI.

Achieving net-zero cannot be achieved alone – collaboration with government, communities, Indigenous groups, local businesses, organizations and customers is essential. Together, we can reach net-zero and achieve a sustainable energy future for the next generations of Islanders.

Voluntary Third-Party Verification and Reporting

We voluntarily hired an independent consulting firm to complete a full review of our 2021 sustainability key performance indicators. The consultant reviewed samples of data calculations, processes and methodologies; and confirmed the accuracy and validity of the data. The consulting firm also conducted in-person and virtual meetings across departments with senior leadership, internal subject matter experts and our CEO.

APPENDIX A

Key Performance Indicators

Key performance indicators are dated as of December 31, 2021 unless otherwise noted. We chose our sustainability disclosures based on industry best practices, and their relevance and significance to our business. The Greenhouse Gas Protocol Corporate Accounting and Reporting Standards guide our GHG emissions reporting. We plan to expand our list of indicators over time as we continue to expand our sustainability disclosures.

The sustainability data contained in this report was collected from designated senior leaders and experts in various departments. The data was then consolidated and checked by our sustainability department for quality control and signed off by our CEO. We make every effort to ensure the data presented is accurate and complete.

We hired a third-party verification consultant to complete a full review of our 2021 sustainability data. The consultant reviewed samples of data calculations, processes and methodologies; met with various employees; and ensured that the data reported aligned with our reporting to Fortis Inc., the Government of Canada and Electricity Canada.

Operations Indicators

	2019	2020	2021
Financial Indicators			
Assets			
Total value of assets (\$M)	545.5	546.9	576.7
Percentage of total assets associated with electricity delivery	79%	83%	84%
Percentage of total assets associated with electricity generation	10%	7%	6%
Capital Expenditures (\$M)¹			
Generation infrastructure	0.5	0.7	1.0
Distribution infrastructure	22.5	21.9	24.8
Transmission infrastructure	7.7	7.7	9.3
Other expenditures	4.4	4.2	7.1
Total Annual Capital Expenditures (\$M)	35.1	34.5	42.2
Customer Information			
Number of electricity customers	82,395	84,290	86,335
– Percentage of residential customers	84.1%	84.2%	84.3%
– Percentage of commercial customers	11.1%	11.0%	10.9%
– Percentage of industrial customers	0.4%	0.4%	0.3%
– Percentage of other customers ²	4.4%	4.4%	4.5%
Quality of service provided by Maritime Electric rated as good or excellent ³	85.3%	87.8%	80.5%
Percentage of customer calls answered within 30 seconds ³	82.5%	74.0%	84.8%
Percentage of services connected within five business days	87.8%	96.3%	94.6%
Electricity Transmission and Distribution ("T&D")			
Total kilometres of electricity T&D lines	6,167	6,250	6,541
– Percentage of distribution lines	87%	87%	88%
– Percentage of transmission lines	13%	13%	12%
Electricity Generation			
Electricity Generation Capacity (in megawatts ("MW"))			
Diesel	89	89	89
Oil ⁴	50	40	40
Total (in MW)	139	129	129
Net Electricity Generated (in gigawatt hours ("GWh"))			
Diesel ⁵	0.1	0.0	1.1
Oil ^{5,6}	0.0	0.0	0.0
Total (in GWh)	0.1	0.0	1.1

Notes

(1) Capital expenditures include all capital investments in the calendar year, including carryovers from prior year projects.

(2) Other customers include street light customers.

(3) Provided by a third party

(4) Oil generation capacity includes the Charlottetown Thermal Generating Station, which was retired on December 31, 2021.

(5) Zero values mean the generating stations consumed more electricity than they produced, resulting in negative net generation.

(6) The Charlottetown Thermal Generating Station operated on standby but did not produce electricity during the reporting period.



19.5 per cent of our energy supply comes from PEI wind energy.

	2019	2020	2021
Electricity Purchased by Maritime Electric and Resold for Customer Use (in GWh)			
Wind	279.7	281.2	258.9
Solar	1.4	2.2	4.5
Total renewables	281.1	283.4	263.4
Nuclear ¹	204.8	195.5	182.2
Other sources from the grid ²	800.2	813.3	879.1
Total (in GWh)	1,286.1	1,292.2	1,324.7
Percentage of clean electricity sold to customers ³	84%	87%	86%
Electricity Deliveries			
Total electricity delivered (in GWh) ⁴	1,286.9	1,292.7	1,326.0
Electricity Reliability			
Electricity System Average Interruption Duration Index ("SAIDI") under normal operations (customer hours of interruption per customer served)	2.98	2.57	3.04
Combined T&D electricity losses (in GWh) ⁵	100.7	98.2	110.7
Employee Safety			
Total Recordable Injury Frequency Rate (total number of injuries for every 200,000 hours worked)	2.80	1.68	1.68
Total employee lost work days due to injury ⁶	178	5	76
Total near misses reported	7	7	8
Cybersecurity			
Number of reportable information security breaches	0	0	0
Number of reportable information security breaches involving customers' personally identifiable information	0	0	0
Number of customers affected by data breaches	0	0	0

Notes

(1) Nuclear refers to Maritime Electric's participation in the Point Lepreau Nuclear Generating Station located in New Brunswick.

(2) Other sources from the grid includes electricity purchased from NB Power.

(3) Clean electricity includes non-emitting nuclear energy.

(4) Excludes wholesale sales

(5) Includes losses attributable to the four subsea cables owned by the Government of PEI and operated by Maritime Electric

(6) Variations are due to a low number of injuries resulting in lost days with varying severity.

Environmental Indicators

	2019	2020	2021
Greenhouse Gas (GHG) Emissions			
Scope 1 Emissions (in tonnes of CO₂ equivalent ("tonnes CO₂e"))			
From diesel electricity generation ¹	906	710	2,082
From the Charlottetown Thermal Generating Station for heating ²	2,336	1,553	964
From owned vehicle emissions	1,306	1,455	1,403
From facility operations	171	171	164
From SF ₆ fugitive emissions	0	0	0
Total Scope 1 Emissions (in tonnes CO₂e)	4,719	3,889	4,613
Scope 2 Emissions (in tonnes CO₂e)			
From system losses related to electricity purchased from the grid ³	21,547	15,963	22,916
From electricity purchased from the grid for Maritime Electric owned or controlled equipment and facilities ⁴	2,532	1,655	2,101
From district heating energy purchased for Maritime Electric owned or controlled facilities	96	79	62
Total Scope 2 Emissions (in tonnes CO₂e)	24,175	17,697	25,079
Scope 1 and Scope 2 Emissions (in tonnes CO₂e)			
Total Scope 1+2 Emissions (in tonnes CO₂e)	28,894	21,586	29,692
Scope 3 Emissions (in tonnes CO₂e)			
Related to electricity sold to customers that Maritime Electric purchased from the grid	275,422	210,316	274,429
Avoided Emissions (in tonnes CO₂e)			
Estimated incremental avoided emissions from customer energy efficiency and conservation programs ⁵	-	-	347
Estimated incremental avoided emissions from street light replacement programs	-	13	25
GHG Intensity Factors (in kilograms of CO₂ equivalent per kWh ("kg CO₂e/kWh"))			
Combined average GHG intensity of electricity delivered to customers	0.215	0.163	0.208
Average GHG intensity of electricity generated by Maritime Electric ⁶	1.084	1.213	0.986
Other Emissions From Electricity Generation (in tonnes)⁷			
NO _x emissions	7.8	5.3	6.6
SO ₂ emissions	23.7	15.1	3.9
Particulate matter emissions	1.7	1.1	0.4

Notes

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

(1) GHG emissions from diesel electricity generation were higher in 2021 than previous years as diesel generation was required more frequently for emergency backup generation.

(2) GHG emissions related to heating have reduced due to the ongoing decommissioning of the plant.

(3) Includes emissions associated with losses attributable to the four subsea cables owned by the Government of PEI and operated by Maritime Electric

(4) Includes electricity consumption from street lights owned by Maritime Electric

(5) Includes Maritime Electric's pro-rated share based on the program costs of third-party programs

(6) Based on gross generation

(7) Includes emissions related to heating of the Charlottetown Thermal Generating Station



In 2021, 86 per cent of the energy supplied to customers came from non-emitting sources.

	2019	2020	2021
Water Usage			
Water used during fossil fuel generation (in cubic metres ("m ³ "))	192	126	449
Water used for heating and domestic use (in m ³) ¹	33,958	14,479	25,966
Waste Management			
Total amount of hazardous waste manifested for disposal (in tonnes)	10.4	1.8	0.0
Spills to Land			
Total number of spills	16	12	13
Total volume of spills (in litres)	565	377	411

Governance & Policy Indicators

	2019	2020	2021
Maritime Electric Company, Limited Board of Directors			
Percentage of independent directors ²	70%	70%	73% ³
Percentage of female directors	40%	40%	36% ³

Notes

(1) Includes water used for heating the Charlottetown Thermal Generating Station and estimates for non-metered sources

(2) Independent directors are directors that are not employees of Maritime Electric, Fortis Inc. or its subsidiaries.

(3) An additional Board member was added in 2021 to accommodate upcoming retirements.

Employee and Social Indicators

	2019	2020	2021
Diversity			
Employee Diversity			
Total number of employees	196	199	208
– Percentage of male employees	72%	74%	73%
– Percentage of female employees	28%	26%	27%
Demographics			
Employee			
Percentage of employees under 30	9%	10%	14%
Percentage of employees 30-50	43%	47%	47%
Percentage of employees over 50	48%	43%	39%
Average age of employees	47	47	45
Turnover and Retention			
Annual voluntary employee turnover (as percentage of total workforce)	1%	1%	1%
Annual involuntary employee turnover (as percentage of total workforce)	0%	0%	1%
Average years of employment	18	16	15
Hiring			
Percentage of job vacancies filled by males	71%	64%	69%
Percentage of job vacancies filled by females	29%	36%	31%
Employee Training			
Total employee training spend (\$M) ¹	0.303	0.370	0.634
Total employee training hours ¹	4,197	5,022	7,399
Freedom of Association			
Percentage of total workforce unionized	66%	64%	65%
Economic Value Distributed			
Estimated economic value added to Prince Edward Island (\$M) ²	84.9	92.8	89.5
Community Donations			
Total number of community donations ³	307	204	208

Notes

(1) The increase in 2021 was a result of the Apprentice Power Line Technician Training Program.

(2) Includes local purchases, employee compensation and local taxes paid

(3) We received fewer donation requests in 2020 due to the COVID-19 pandemic.

Third-Party Verification Letter

July 5, 2022

Duerden & Keane Environmental Inc. (D&K) is a specialist environmental and occupational health and safety management company with significant experience in the utility sector. D&K (on behalf of Electricity Canada – formerly the Canadian Electricity Association) has conducted the Independent Verifications on all 13 of the Canadian utilities which have achieved the Sustainable Electricity Leader™ Brand designation. Maritime Electric Company, Limited (hereafter Maritime Electric) achieved the Brand in 2021 and is now publishing its first Sustainability Report. Prior to publication, Maritime Electric retained D&K to verify the data associated with its 95 Key Performance Indicators (KPIs) reported in the following categories: Financial Indicators; Customer Information; Electricity Transmission and Distribution; Electricity Generation; Electricity Purchased; Electricity Deliveries; Electricity Reliability; Employee Safety; Cybersecurity; Greenhouse Gas Emissions; Other Emissions; Water Usage; Waste Management; Governance Indicators and Employee and Social Indicators.

In verifying the data D&K completed the following tasks:

- Review of the methodologies employed by Maritime Electric to determine the KPIs and the raw data requirements;
- Review of the processes and tools used by Maritime Electric to collect, compile, interpret, document and report on the environmental data and other metrics relative to the KPIs;
- Detailed discussions with selected Maritime Electric subject matter experts with responsibilities for collecting, compiling, interpreting, documenting and reporting on the various activities associated with each of the KPIs;
- Detailed discussion with selected Maritime Electric and Fortis Inc. personnel responsible for governance and quality control checks on the metrics relative to the reported KPIs;
- Confirmation of the sources of data used to determine KPIs;
- Conducted checks on selected spreadsheets used in support of the KPIs;
- Recalculation of selected data sets used to ensure accuracy in reporting;
- Confirmation that data was reported consistently by Maritime Electric in its many reporting venues (e.g. Electricity Canada's annual Sustainable Electricity Program Report; the Maritime Electric Website; Government of Canada Emissions reporting; reports to the Board of Directors, to Fortis Inc. and to regulators).

Maritime Electric provided sufficient information to ensure that D&K could provide an objective and unbiased assessment of the KPIs which are reported in the Maritime Electric Sustainability Report. D&K is confident that the data used in determining KPIs is accurate and that the KPIs are consistently reported. As well, the evidence reviewed and discussed with Maritime Electric subject matter experts demonstrates that the KPIs have been developed and reported in line with utility industry practices and in accordance with accepted standards where applicable. There was no evidence that the KPIs as reported are not a fair representation of the management of the environmental, social and governance aspects of Maritime Electric's activities.



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