

2024

Modern Slavery Report

FORTIS INC.

Introduction

Fortis Inc. (Fortis, we, us, our) is pleased to provide its annual report under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Act) for the year 2024.

This is a "joint report" under section 11(2)(b) of the Act. It is provided on behalf of Fortis and its Canadian operating subsidiary utilities identified below. Fortis and these subsidiaries are "entities" under section 2 of the Act and are subject to the reporting obligations under Part 2 of the Act by virtue of importing into Canada goods that are produced outside Canada or controlling an entity that imports into Canada goods that are produced outside Canada.

In the normal course of business, neither Fortis nor its Canadian utilities produce, sell, or distribute goods (as the term "goods" is understood in the ordinary sense of the word) in Canada or elsewhere, but may, from time to time, import into Canada goods produced outside Canada.

Though many of our utilities operate outside Canada and are not subject to the Act, this report voluntarily provides a consolidated corporate-wide view of our operations.

This report describes steps we have taken to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods imported into Canada. It is organized to address the information requirements under section 11 of the Act. The term "modern slavery", when used in this report, includes forced labour and child labour.

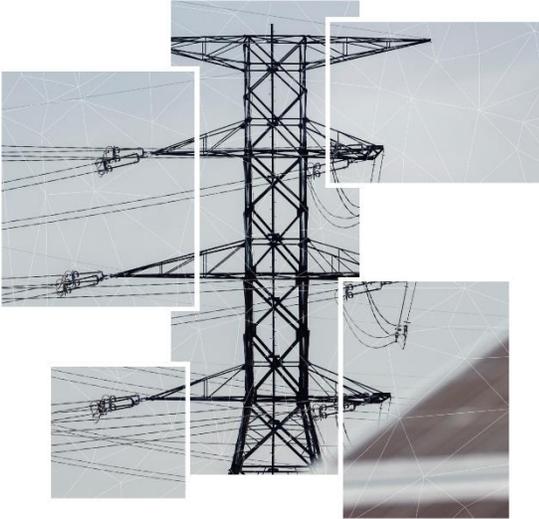


Structure, Operations and Supply Chain

Corporate Structure

Fortis is a publicly traded holding company, listed on the Toronto and New York Stock Exchanges (TSX/NYSE: FTS). We principally own regulated electric and natural gas public utilities which operate in a substantially autonomous manner. Our utilities operate in five Canadian provinces, ten states in the United States, and three Caribbean countries.

Our utilities are wholly owned by Fortis, except for those utilities held through ITC Holdings Corp. (which are 80.1% owned by Fortis) and Caribbean Utilities Company, Ltd. (which is approximately 60% owned by Fortis).



Our operating utilities and their jurisdiction of operation are:

Canada

- Newfoundland Power Inc. (Newfoundland and Labrador)
- Maritime Electric Company, Limited (Prince Edward Island)
- FortisOntario Inc.¹ (Ontario)
- FortisAlberta Inc. (Alberta)
- FortisBC Energy Inc. (British Columbia)
- FortisBC Inc. (British Columbia)

These Canadian utilities (Canadian Utilities) are subject to the Act.²

United States

- Central Hudson Gas & Electric Corporation (New York)
- International Transmission Company (Michigan)
- ITC Midwest LLC (Iowa, Missouri, Illinois, Minnesota, Wisconsin)
- ITC Great Plains, LLC (Kansas, Oklahoma)
- Michigan Electric Transmission Company, LLC (Michigan)
- Tucson Electric Power Company (Arizona)
- UNS Electric, Inc. (Arizona)
- UNS Gas, Inc. (Arizona)

Caribbean

- Fortis Belize Limited (Belize)
- FortisTCI Limited (Turks and Caicos Islands)
- Caribbean Utilities Company, Ltd.³ (Cayman Islands)



Operating Model

Fortis does not operate as a centrally-run, top-down enterprise. Rather, we operate with a small corporate office in St. John's, Newfoundland and Labrador, and investments in separate regulated utility business entities. Each regulated utility has its own management team and board of directors, with most having a majority of independent board members. The board of directors of each company provides oversight within the broad parameters of Fortis policies and best practices. Subsidiary autonomy supports constructive relationships with regulators, policy makers, customers, and communities. Fortis believes this model enhances accountability, opportunity, and business performance.

Fortis has established an umbrella policy framework with common standards that apply across the organization. Each utility implements its own policy framework consistent with the Fortis standards that may be tailored, as necessary, to the unique requirements of the utility based on its operating environment.

Our Compliance and Ethics Program Manual (Compliance Manual) describes the Fortis compliance model and designates "common core policies" which guide ethical business conduct across the Fortis group of companies. Our utilities address the subject matter of each common core policy in their own compliance programs.

While our utilities operate in a substantially autonomous manner, they collaborate in a variety of areas. Working groups, consisting of representatives from across our utilities, meet to share and exchange knowledge and best practices. One such working group is the Fortis Operating Group (FOG).

FOG has executive representation from Fortis and each of its utilities, and maintains several sub-groups and committees dedicated to specific aspects of utility operations. FOG's supply chain sub-group (Supply Chain Group) focuses on procurement, including inventory management, joint purchasing, equipment and build standards, and supply chain logistics.

Operations

Fortis is principally an investor in North American regulated electric and natural gas utilities.

The electric utility sector comprises three components: generation, transmission, and distribution. Generation refers to the production of electricity, transmission refers to the network of high-voltage lines that bring power from its source of generation to the market to be served, and distribution refers to the localized, low-voltage network that delivers power to the end customer. Utilities that serve all three functions are referred to as vertically integrated utilities. Other utilities may only provide generation, transmission and/or distribution service. Fortis owns regulated vertically integrated electric utilities, as well as regulated electric transmission and distribution utilities. Fortis also owns a non-regulated utility, Fortis Belize Limited (Fortis Belize), which owns and operates three small hydro generation facilities in Belize.

The natural gas utility sector comprises transmission and distribution gas utilities. Fortis owns three regulated natural gas utilities, two of which provide distribution and transmission services, with the remaining utility being natural gas distribution only.

Our utilities are subject to regulation by provincial and federal regulators in Canada,

state and federal regulators in the United States, and national regulators and governments in the Caribbean.

The Fortis group of companies has 9,800 employees who serve 3.5 million customers. Information on our workforce can be found in our [2024 Annual Information Form](#) and [2024 Sustainability Report](#).

Supply Chain

The term "supply chain" is not defined in the Act. The regulated utility industry is highly capital intensive with continuous investment in critical infrastructure. Therefore, for our utilities, "supply chain" primarily relates to the timely and cost-effective sourcing of goods that are necessary to support the operation, expansion, and maintenance of their electricity and natural gas infrastructure.

Public utilities have an obligation to serve and are responsible for ensuring safe and reliable utility service. Each Fortis utility is responsible for managing its own supply chain. When severe weather or other forces damage utility infrastructure and cause service outages, there is a public expectation that service will be restored as soon as possible. This service obligation means that our utilities must maintain stores of inventory for critical system components (e.g., poles, transformers, pipes, valves, meters) to enable timely service restoration, as well as to support routine system maintenance.

Public utilities are also subject to economic and other forms of regulation. Generally, regulated utilities are subject to a prudence standard, under which the utility's regulator must be satisfied that costs are prudent before they can be recovered in customer rates. Under this

model, cost is a key consideration in choosing between similarly qualified suppliers.

Many goods required by our utilities are specialty products unique to utility operations. Certain components of electric and natural gas systems can only be sourced from a small number of suppliers around the world, or even a single supplier. In these cases, utilities may have limited opportunity to choose between "qualified" suppliers.

To date, the tracking of supplier information by our utilities has focused on goods specifically required for utility operations rather than general consumables. Less information is collected on suppliers that are not critical to the utility's service delivery and overall procurement program.



Country of Origin

In the past, Fortis utilities have not generally tracked goods in their supply chains by country of origin. As a result, there is limited data currently available on the country of origin of goods within Fortis supply chains. The vendor management tool adopted in 2024, described below, will act as a repository for country-of-origin data. We expect visibility into the origin of goods in our supply chains to increase as we use this tool.

As an exception, our U.S. utilities track the country of origin for goods used in certain projects that have specific sourcing requirements (e.g., under the Buy American Act). Our U.S. utilities may also validate vendors

against the list published by the U.S. Office of Foreign Assets Controls to identify individuals or companies that are designated as Specially Designated Nationals, meaning they are on a list as having sanctions or embargoes against them, thereby prohibiting U.S. companies from doing business with them.

Importation of Goods into Canada

While our Canadian Utilities may import goods into Canada from time to time (i.e., as "importer of record" for customs purposes), the level of this activity is quite low. Most goods procured by our Canadian Utilities are purchased through Canadian distributors or manufacturers, who are generally the importer of record.

Policies and Due Diligence

The Act is the first legislation to impose modern slavery-related compliance obligations on Fortis (we do not report under modern slavery legislation in any other jurisdiction). Therefore, we updated our policy and compliance framework to address this subject area more fully, including implementing our [Human Rights Statement](#) and [Vendor Code of Conduct](#) effective January 1, 2024. These policies supplement our [Code of Conduct](#) which addresses human rights and modern slavery at a general level.

In 2024, both the Human Rights Statement and Vendor Code of Conduct were designated as core policies under our Compliance Manual. As such, our utilities are required to address the subject matter of these policies within their own policy frameworks.

The Fortis Human Rights Statement confirms our commitment to human rights and explains the measures taken to support that commitment, including comprehensive safety programs, maintenance of a respectful and diverse workplace, and support for social justice causes. The Human Rights Statement also confirms our commitment to occupational health and safety, human rights, labour rights, and the principles contained in international labour conventions. It seeks to ensure our supply chains are free of modern slavery in all its forms.

Our Human Rights Statement endorses a risk-based approach to assessing the likelihood of human rights abuses in our supply chains, considering the scope, location, and nature of a supplier's activities and associated risks, as well as the human rights conditions in the countries where goods are produced and sourced. It also

establishes expectations regarding the role of our suppliers in seeking to reduce the likelihood of human rights abuses in our supply chains.

The Fortis Vendor Code of Conduct sets out requirements and expectations of our suppliers. This includes the requirement to comply with laws that apply to their operations, including those relating to health and safety, labour rights, human rights, and modern slavery. The Vendor Code of Conduct includes the expectation that suppliers will seek reasonable assurance that there is no modern slavery in their own supply chains based on context-appropriate risk assessments. It also sets out our expectations regarding such things as general ethical business conduct, sustainability, employee training, reporting of non-compliance, and supply chain governance.

The Vendor Code of Conduct references the Fortis [Speak Up Policy](#) and encourages suppliers to report any observed instances of violations of the Vendor Code of Conduct or any other illegal or unethical business conduct observed in our supply chains.

Due Diligence Processes

Historically, suppliers have been vetted for such things as product quality, reliability, reputation, cost effectiveness, timeliness, and efficiency and have not been specifically vetted for modern slavery risk.

To facilitate compliance with the Human Rights Statement and Vendor Code of Conduct, we completed a market survey and request for proposals to source a vendor management solution in 2024. In 2024 we engaged a supply chain consultant and a common vendor reporting tool across the Fortis utilities to facilitate a more detailed understanding of our supply chains and potential forced and child

labour risks across the goods and service suppliers that interact with our utilities. The software systematically evaluates modern slavery risk at multiple tiers of our supply chains. This tool will be operationalized in 2025 with utilities uploading data on their largest suppliers. Additional supplier data, such as smaller suppliers and product-specific information, will be added over time. This will enable mapping and monitoring of supply chains as well as identifying risks associated with individual products.

The vendor management solution supplements existing supply chain processes at each utility. This work may be aided by reference to resources publicly available through reliable and reputable third-party sources such as Walk Free's Global Slavery Index, the Responsible Sourcing Tool, and the U.S. State Department's Trafficking in Persons Reports.



Assessing Modern Slavery Risks

As described above, Fortis is working toward a more fulsome assessment of modern slavery risk in our supply chains. For our utility operations-specific supply chains, most components of utility infrastructure systems are sourced in North America, with the balance coming mainly from Europe, Australia, New Zealand, and Asia.

Fortis Belize owns and operates two hydro-electric generation facilities that were built by a Chinese construction contractor employing Chinese technology. As a result, these facilities have historically relied on support procured from China and Russia. However, Fortis Belize is executing a strategy to transition its supply chain from Chinese and Russian suppliers and manufacturers to alternate suppliers primarily in the U.S. and Germany. This involves plant upgrades to replace Chinese prototypes for electrical generation components. For parts that continue to be required from China, documentation is requested from potential suppliers regarding their child labour and modern slavery policies and practices, which informs the vendor prequalification and selection process.

China is also a major world supplier of electrical transformers through various international distributors, including in the U.S. The U.S. has taken steps to increase domestic manufacturing of critical power grid components, including transformers, to support energy security and reduce reliance on foreign sourced goods.

China is also a major world supplier of battery energy storage solutions (BESS), solar panels and wind turbines. Our Arizona and Caribbean vertically integrated utilities are more active in

adopting these technologies. BESS technology is primarily sourced from China. The manufacture of wind turbines is less concentrated in China than solar panels, with several European suppliers active in the North American market.

Walk Free provides general information on its website ranking those imports into Canada that are perceived to carry the highest modern slavery risk. Among the goods listed are electronics, garments, and textiles. Our utilities consume a range of these products. We use electronics for various purposes, including security and control systems, diagnostic equipment, personal computers, communication devices, and printers. Specialized garments and personal protective equipment are also required to ensure the safety of utility workers. Virtually all of these products are sourced through domestic distributors. To date, we have not completed a comprehensive modern slavery risk assessment on these products independent of any risk assessment done by the domestic distributors.

The actions being taken to assess and manage modern slavery risk in our supply chains are progressing. The implementation of vendor codes of conduct across our organization has brought a standardized approach towards modern slavery risk in our utilities' supply chains. The planned operationalization of a vendor management solution with modern slavery due diligence capabilities in 2025 will assist our utilities in identifying potential areas of concern in our supply chain and mitigating such risks. We expect this to be an incremental, multi-year process, as we gain more knowledge, experience, and capability in this area.

Remediation Measures

To date, we have not yet identified any instances of forced labour or child labour in our supply chains, and therefore no remediation measures have been taken. As noted above, we

are in the process of implementing measures that will provide the ability to assess our supply chain in more detail, including potential modern slavery risks.

Training

Employees across the Fortis group of companies receive training on subject matters addressed in many of our common core policies, including our Code of Conduct. All new employees receive training on key policies as part of their onboarding and orientation process. Periodic recurring training is also provided on certain policies, to either all employees, or targeted to a subset of employees, based on the subject matter of the policy and the nature of the employee's role.

Our Code of Conduct is the foundational policy document which provides our employees with guidance on ethical business conduct. The Code of Conduct addresses a wide range of topics, including our respect for human rights. Each utility has its own code of conduct that is substantially similar to the Fortis Code of

Conduct. The Code of Conduct is directly relevant to all employees and therefore all employees receive training on this document.

Modern slavery is an important consideration for employees directly involved in supply chain management and as such, modern slavery training activities are primarily focused on employees that oversee and engage with our supply chains. At Fortis, we have incorporated general content on modern slavery into our Code of Conduct training. Our utilities provide appropriate modern slavery training based on employee roles and responsibilities.

Our Vendor Code of Conduct encourages context-appropriate supplier training concerning human rights and modern slavery.

Assessing Our Effectiveness

To date, we have not assessed the effectiveness of our planned approach to reduce the risk of forced labour and child labour in our supply chains. As noted above, we are in the process of implementing measures that will provide better visibility and the ability to assess our supply chain in more detail, including potential modern slavery risks.

Attestation

This joint report has been approved by the Fortis Inc. Board of Directors in accordance with section 11(4)(b)(ii) of the Act.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Full name: David G. Hutchens
Title: President, Chief Executive Officer and Director, Fortis Inc.
Date: May 30, 2025

Signature: 
I have the authority to bind Fortis Inc.

Endnotes

¹FortisOntario Inc. comprises Canadian Niagara Power Inc., Algoma Power Inc., Cornwall Street Railway Light and Power Company Limited, Wataynikaneyap Power PM Inc., Fortis (WP) GP Inc., and minority ownership interests in the Wataynikaneyap Power transmission project and several other small utilities.

²Although Fortis Inc. is the ultimate controlling parent company of the Canadian Utilities, several intermediary Canadian holding companies exist in the chain of ownership between the Canadian Utilities and Fortis Inc. which also constitute "entities" under the Act, and which are either directly or indirectly wholly owned by Fortis Inc. These intermediary Canadian holding companies include FortisCanada Inc., FortisAlberta Holdings Inc., FortisBC Pacific Holdings Inc., and FortisBC Holdings Inc. To simplify the presentation of information, this report addresses the consolidated operations of Fortis Inc., including the intermediary Canadian holding companies.

³Although Caribbean Utilities Company, Ltd. is listed on the Toronto Stock Exchange, it does not produce, sell, or distribute goods in Canada or elsewhere, nor import into Canada goods that are produced outside Canada, and therefore is not required to report under Part 2 of the Act.