



Creative Energy

2017 Sustainability Update

Table of Contents



03

Introduction



05

At A Glance



07

Delivering for Our Customers



On behalf of our entire team, welcome to Emera's 2017 Sustainability Update.

We're excited to share the work we are doing to build a brighter, more sustainable future.

The energy industry is changing at an unprecedented pace. At Emera, we see opportunity in this change. This is rooted in our proven ability to think creatively about our business and the solutions we develop for our customers. And it's about more than just creative thinking. We are constantly innovating and executing with discipline to deliver for our customers, shareholders, communities and the environment. This is what we call our creative energy.

It's creative energy that enabled us to imagine and build the Maritime Link - the longest subsea electricity cables in North America, connecting the island of Newfoundland to the North American grid for the first time in history. It's creative energy that is helping us lead the most rapid transformation to renewables in Canada. And it's that same creative energy that led us to develop an aggressive transformation plan that will deliver the highest percentage of solar generation in Florida.

Our team is strong and focused on safely delivering cleaner, affordable and reliable energy to customers everywhere we operate. We're listening to our customers, we're adapting to evolving needs and we're embracing innovation to offer more choice and control. And we're looking after each other and reinforcing our safety systems and culture to ensure everyone at Emera goes home safely every day.

This update also celebrates our relationships with our customers, shareholders, communities and partners. We understand that strong relationships make us better.

We look forward to continuing work together to achieve a sustainable energy future.

**Scott Balfour
President & CEO
Emera**



13

Journey to World-Class Safety



19

Building Strong Relationships



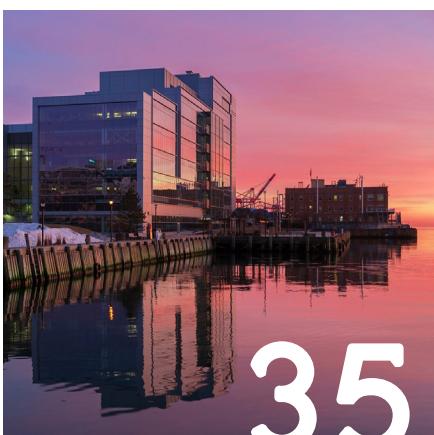
23

Respecting Our Environment



31

Enabling Our Team



35

Governance



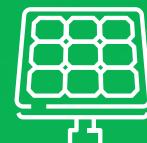
37

Approach

Creative Energy

Change is the new normal in the energy industry. Where some see change as a challenge – we see opportunity to apply our creative energy. It starts with our drive to innovate, finding new ways to safely deliver cleaner, affordable and reliable energy. It gathers momentum by embracing new technologies and solutions. And it leads to a brighter future for our customers, shareholders, communities and the environment. This is how we're delivering a sustainable energy future. It's what sets our team apart. This is our creative energy.

Sustainability Update Highlights



696 MW

Renewable capacity installed.



272

proactive safety incident reports for every 100 employees across Emera

We track how our team reports potential hazards before they can cause harm. Our goal is to increase these over time because they are an important leading indicator of safety performance.



\$13.1M

Invested in our communities

Plus \$5M special contribution to UNB to establish the Emera & NB Power Research Centre for Smart Grid Technologies.



16%

Reduction in GHG emissions since 2005 as we transition to lower-carbon energy across Emera.



Best 50 Corporate Citizen

Included in 2018 list of Canadian companies by Corporate Knights.

**Scope**

This report includes data and information about Emera's wholly owned subsidiaries and entities where Emera has operational control. Unless otherwise stated, data in this report is as of December 31, 2017 and dollar figures are in Canadian Dollars.

For a full description of Emera's structure and investments, see the [Emera 2017 Annual Report](#).

Emera by the Numbers



Emera by the Numbers data as of June 30, 2018

¹ Compound Annual Growth Rate

² Trailing 12 months ended June 30, 2013 includes \$31 million of gains related to APUC transactions and a \$6 million gain related to First Wind; normalizing adjusted EPS to remove these gains increases the CAGR to 8.2%

³ Trailing 12 months

Emera at a Glance

From our origins as a single electrical utility in Nova Scotia, Emera has grown to become an energy leader serving customers in Canada, the U.S. and the Caribbean.

Tampa Electric¹ ®

Vertically integrated electrical utility serving 750,000 customers in West Central Florida.

Peoples Gas¹ ®

Natural gas utility serving 375,000 customers in Florida.

Nova Scotia Power¹ ®

Vertically integrated electrical utility serving 515,000 customers in Nova Scotia.

New Mexico Gas¹ ®

Natural gas utility serving 525,000 customers in New Mexico.

Emera Maine¹ ®

Transmission and distribution utility serving 158,000 customers in northern and eastern Maine.

Emera Caribbean¹ ®

Vertically integrated utilities serving 184,000 customers on the islands of Barbados, Grand Bahama, St Lucia and Dominica.

Emera Energy

Energy marketing and trading, asset management and optimization. Owns natural gas-fired generation fleet in Canada and the northeastern U.S.

Emera Newfoundland & Labrador² ®

Operates the Maritime Link and manages Emera's investments in associated projects.

Emera Utility Services²

Utility services contractor working in Atlantic Canada and other regions.

Emera New Brunswick² ®

Operates the Brunswick Pipeline, a 145 km natural gas pipeline in New Brunswick.

Emera Technologies

A start-up company focused on finding ways to deliver renewable energy to customers in ways that are safer and more reliable.

¹ = Regulated Investment

² Reported under Emera Florida and New Mexico in Emera's financial statements.

² Reported under Corporate and Other in Emera's financial statements. Emera Newfoundland & Labrador's investment in the Maritime Link and Labrador Island Link are accounted for as equity investments in Emera's financial statements.

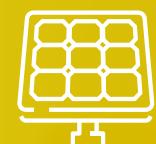
Delivering for Our Customers

Our customers want cleaner energy they can count on. And they want more choice and control over how they use this energy. To meet these needs, we're using our creative energy to deliver innovative solutions - including smart meters, grid intelligence and energy storage. We're also delivering a better customer experience by offering easier ways to connect with our business. We work hard to ensure all of this innovation is balanced against affordability for our customers.

By The Numbers

**2.5M**

Total number of utility customers.

**696 MW**

Installed renewable capacity, including biomass, hydro, wind, and solar. Up 23% since 2014.

**13%**

of Emera's electricity customers have been set up with smart meters (approx. 209K)

Our goal is to install smart meters to 90% of electricity customers by 2022 (approx. 1.5M).

**126,000**

Total km of transmission, distribution, mains, and services lines.

Leading the Transition to Cleaner Energy

At Emera, we have a track record of investing in renewables including wind, hydro, tidal and biomass. At Nova Scotia Power, for example, since 2005 our team has more than tripled its use of renewable energy in electrical generation to 29 per cent and reduced greenhouse gas emissions by 34 per cent - all within the last decade.

We also continued to invest in solar generation in 2017. In Florida, our team at Tampa Electric received regulatory approval to install an additional 600 MW of large-scale solar over the next few years. This \$850M USD investment will include six million solar panels in 10 new projects in West Central Florida. Completion is planned for 2021. Once in service, approximately 7 per cent of Tampa Electric's generation will come from the sun - the highest percentage of solar generation in the state.

We're also advancing plans to build the first solar generation facility on the island of Grand Bahama. The \$5M USD Solar Sunrise project will help to displace some of the heavy oil historically used on the island. The plant will generate 4.5 GWh of clean energy each year- enough to power roughly 700 homes.

Increasing renewable energy is important, as is ensuring that we can get this clean energy to our customers. Late in 2017, we celebrated the completion of the Maritime Link transmission project, delivered on time and on budget. The Maritime Link includes 170 km of subsea

High Voltage Direct Current cables under the Cabot Strait, the longest cables of their kind in North America. This connection will enable the transmission of an abundant supply of clean, hydro-electricity between Newfoundland and Labrador to Nova Scotia and beyond.

As we transition away from coal, natural gas is a cleaner energy source available to us in some markets. That is why we committed to the modernization of our Big Bend coal generation facility in Tampa. As part of our goal to further reduce GHG emissions, we are investing \$853M USD to retire a coal-fired unit earlier than initially scheduled and to convert a second coal-fired unit to natural gas. Construction at the Big Bend Power Station is underway and is expected to be in service, in stages, starting in 2021, with full completion planned for 2023.



Making the Grid More Reliable and Intelligent

Energy storage solutions are an important part of increasing reliability, balancing the intermittency of renewables and offering a back-up source of energy during times of peak demand or potential outages. We've successfully implemented battery storage technology in numerous locations. At Barbados Light & Power, we integrated a 5 MW Powerpack-2 battery into the grid at the St. Lucy solar facility. By placing this storage solution at Barbados' first large-scale solar installation, we're helping to make solar a more reliable baseline energy source. At NS Power, we installed a 1 MW Powerpack battery and 10 residential Tesla Powerwalls as part of a pilot project to test home and grid-scale battery storage technology paired with wind power.

Another way we are improving reliability is by developing smart grid technology, which provides utilities real-time information from multiple points across the grid. This helps to more accurately identify potential issues on the system, enabling us to reduce disruptions and respond more quickly. In the near future, smart meters will also give customers more information about their energy, tracking usage and enabling pre-set alerts.

Emera Maine, Barbados Light & Power and DOMLEC are already in the advanced stages of smart meter deployment. NS Power received regulatory approval in June 2018 for a smart meter roll-out to all customers, which is expected to begin in 2019. Tampa Electric is making progress on a pilot deployment, with all customers expected to be converted by 2022.



We're using newer generation meters than earlier deployments, giving customers access to better technology.

For example, Peoples Gas has invested \$600M USD over the past five years to grow our natural gas system and to ensure our existing infrastructure is safe and reliable. This includes a 10-year project, started in 2013, to replace our 160 km of cast iron and 569 km of bare steel pipelines. At the start of the project, the older pipe comprised about 3.8 per cent of over 19,000 km of distribution pipelines - all buried underground. Since January 2013 and through the end of 2017, we have replaced 531 km of cast iron, bare steel and problematic plastic pipe.



Staying Ahead of Change

We know innovation never stops, and now it's happening faster than ever before. That is why in late 2017 we established Emera Technologies - a small, nimble organization focused on finding ways to deliver renewable energy to customers in ways that are safer and more reliable.



Powering Electric Vehicles

Our companies are investing in ways to enable customers to make the switch to electric vehicles (EVs). NS Power and Emera, with funding from Natural Resources Canada, have installed 12 fast-charging stations across Nova Scotia, enabling EV owners to drive from one end of the province to the other, with reliable access to recharging stations. To demonstrate the benefits of EVs, Emera Caribbean and Barbados Light & Power have invested in 12 electric vehicles, making it the largest fleet for any company on the island. And in Florida, Tampa Electric has partnered with the Hillsborough Area Regional Transit Authority to make EVs available for bus users traveling to and from bus stops.

Harnessing Smaller Solar

We're increasingly investing in solar solutions - including smaller installations where it makes the most sense. For example, a 250 kW solar array on the rooftop of Emera Energy's Tiverton Power plant went into commercial operation in 2017. The solar energy generated onsite helps to augment the plant's energy needs and output, leading to a lower carbon footprint.

Creating a Better Customer Experience

As the energy industry changes, so do the needs and expectations of our customers. They want a better overall experience when dealing with their utilities and that includes more choice and more control over how they use their energy. We are delivering on those expectations by innovating in our approach to customer service too.

In 2017, Tampa Electric and Peoples Gas upgraded customer information and billing systems in order to provide their customers more mobility and control over their accounts and energy usage. Tampa Electric customers can now access a new mobile-friendly online account, 24/7, from any device, to view and pay their bills, update contact information, report power outages and more. Customers also received a new, easy-to-read bill to help them to monitor their energy usage.

Emera Maine is also putting the customer experience front and centre. In 2017, the team implemented a system to deliver proactive high-bill alerts, as well as weekly energy breakdowns via emails and text messages. A new web portal will also give customers even more tools to understand and manage bills.

Delivering Affordable Energy

Our customers want their energy to be cleaner and reliable, but they want it balanced against affordability. Our investment in renewable energy is helping us

deliver on this by reducing reliance on fossil fuels, for which prices tend to fluctuate unpredictably. When we still need to purchase fuel, we use long-term pricing programs and fuel-hedging strategies to reduce overall costs for customers. These and other approaches contribute to rate stability programs in our utilities that manage expectations by ensuring energy costs are predictable and manageable for years at a time.

Efficient energy use is as important to Emera as it is to our customers. Through our outreach efforts and a variety of programs and rebates, we're helping our customers use energy more efficiently to reduce costs. All of our energy companies offer tips on how to be smarter about energy usage, including tools to calculate the cost to run typical household appliances.

Through local programs and partnerships, our companies are helping to make energy more affordable across our communities. For example, in a partnership with the Clean Foundation, Efficiency Nova Scotia and the Provincial government, Nova Scotia Power's Homewarming program offers no-charge energy assessments and home upgrades to qualified homeowners. Similar weatherization and efficiency programs are in place in all our utilities.

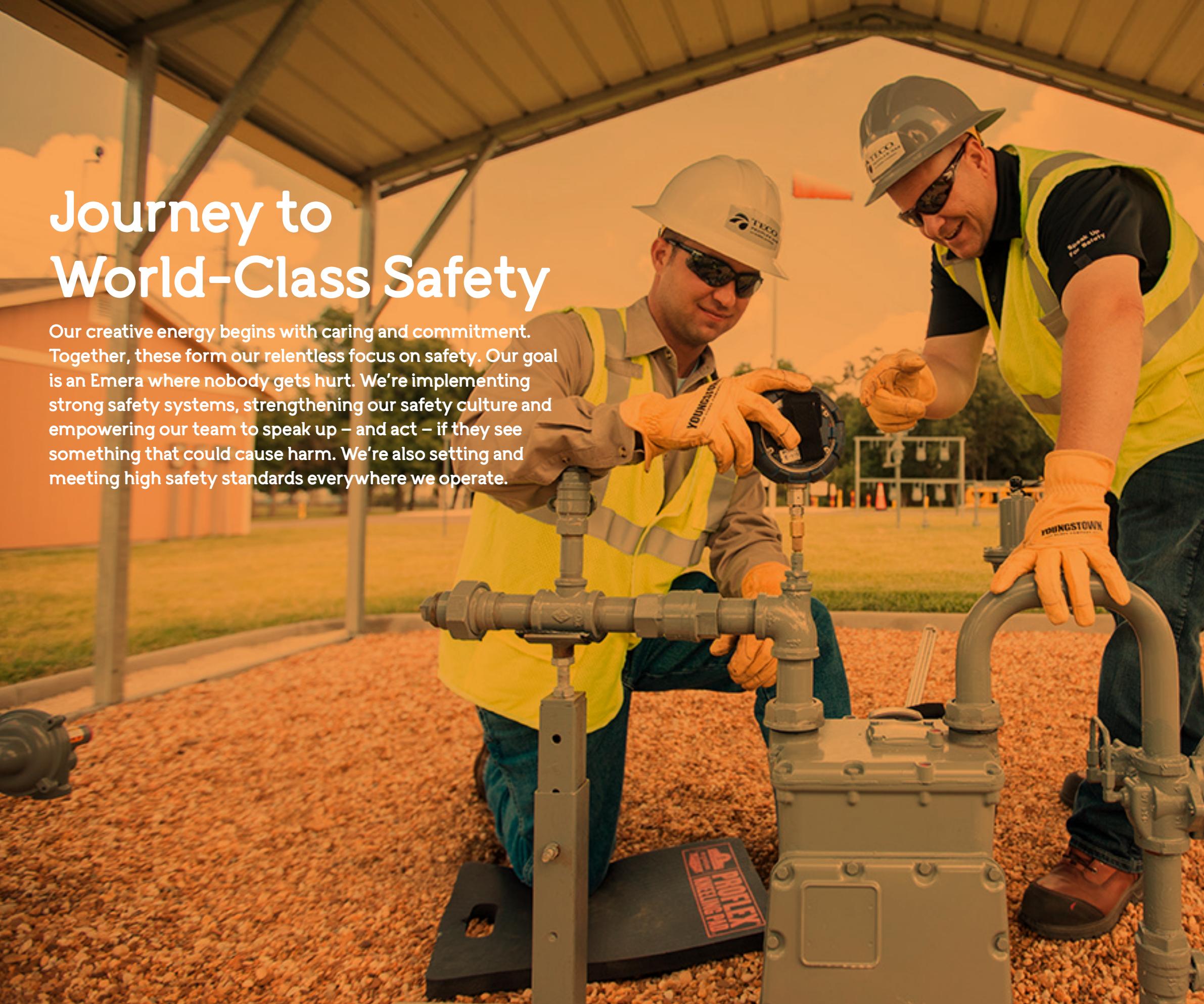


Continuing Customer Satisfaction

The Peoples Gas team was again recognized for outstanding customer service in September 2018. For the sixth consecutive year, the residential customers of Peoples Gas have ranked the utility highest in customer satisfaction among midsized natural gas companies in the south region in the J.D. Power annual study. Peoples Gas also received the highest overall score, nationally, in the Cogent Reports study by Market Strategies International, in the category: Utility Trusted Brand & Customer Engagement™: Residential.

Journey to World-Class Safety

Our creative energy begins with caring and commitment. Together, these form our relentless focus on safety. Our goal is an Emera where nobody gets hurt. We're implementing strong safety systems, strengthening our safety culture and empowering our team to speak up – and act – if they see something that could cause harm. We're also setting and meeting high safety standards everywhere we operate.



By The Numbers



0.42

Lost time injury frequency rate

Down from 0.58 in 2016. This rate is a consistent way we track safety incidents that lead to employees being unable to work.



1.49

OSHA incident rate

In 2017 we updated how we report injuries, moving from an All Injury Frequency (AIF) rate to the more comprehensive OSHA (Occupational Safety and Health Administration) reporting standards. Using our historical AIF, we estimate that our 2016 OSHA rate would have been approximately 1.90, which we reduced to an actual rate of 1.49 in 2017.



272

Proactive safety incident reports for every 100 employees across Emera

We track how our team reports potential hazards before they can cause harm. Our goal is to increase these over time because they are an important leading indicator of safety performance.



Building Momentum

At Emera, we believe safety is a shared responsibility. That is why each year we hold a Safety Summit that brings together employees, leaders and safety professionals from across the company to discuss safety initiatives and to identify ways to further improve our safety programs. At our most recent summit in Tampa, we broadened participation to enable more employees from a variety of roles to take part. The summit agenda was focused on how to strengthen our speak-up culture, how to implement our Safety Management System and the importance of strong safety leadership across Emera.

Empowering Our Speak-Up Culture

In last year's sustainability report, we shared our commitment to do better following workplace fatalities and critical injuries. In response to those tragic incidents, we asked every member of our team across Emera to take part in a safety stand-down conversation in order to bring forward suggestions for strengthening our safety approach. Employees' ideas and observations were captured and incorporated into ongoing safety action plans. The Emera team is more focused on safety than ever before.

We've also been reinforcing our speak-up culture. Through regular employee communications including CEO videos and employee town halls, we're encouraging our team to speak-up when they see something that may cause harm. This message is being reinforced by our observance of the National Day of Mourning, Workers Memorial Day and our activities during North American Occupational Health and Safety Week.

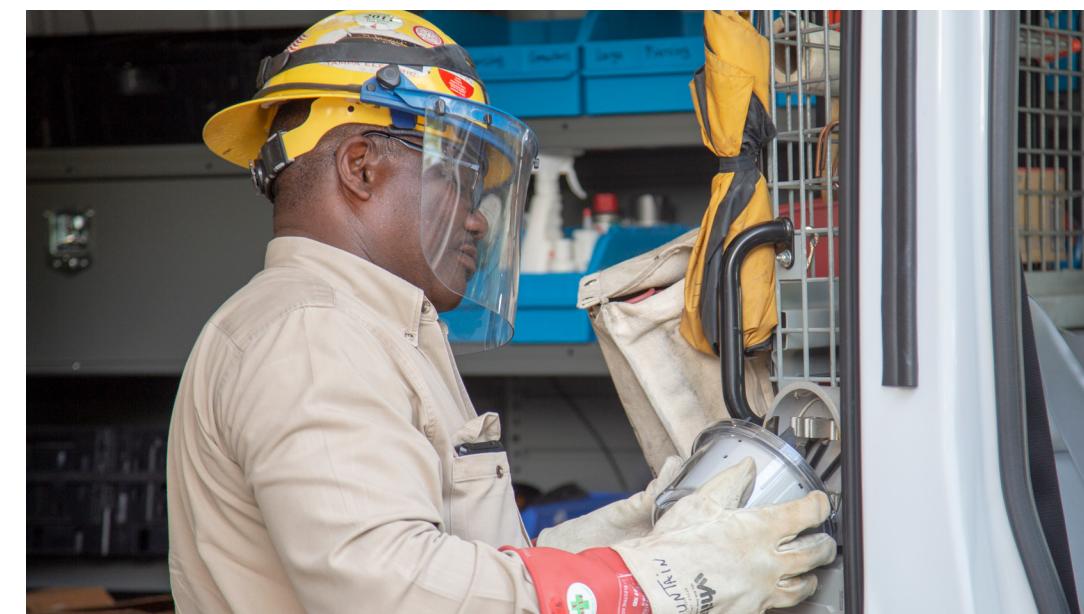
Strengthening Our Safety Program

Emera is drawing from many well-established safety practices from different areas of our business to implement a consistent Safety Management System for all of our operations. The system is the result of months of work by many team members to review existing safety practices and processes. It also included research on best practices from other companies, industry sectors and regulatory agencies.

Our Safety Management System focuses on:

- oversight and auditing
- standardized policies and procedures
- increased leadership visibility and communication
- stronger partnerships with contractors
- enhanced performance reporting
- strong safety culture

Many program elements are already deeply rooted in different parts of our operations. Our business-wide approach will ensure greater consistency and an even safer workplace in the future.





Demonstrating Safety Leadership

We encourage our executives to demonstrate visible safety leadership through actions that include regular site visits. These meetings are valuable learning opportunities – both for our executives who gain a deeper understanding of field safety, and for our employees, who benefit from a fresh set of eyes and ears to help identify potential risks as well as opportunities for improvement.

Reinforcing Safety with Contractors and the Public

Our commitment to safety includes taking care of the many contractors who work alongside the Emera team. Over the last year, we've worked with a third-party consultant to audit our contractor safety programs across six of our operating companies, with reviews of the remaining companies scheduled to take place by the end of 2018. As a result, we've changed how we evaluate contractor proposals to ensure safety commitments are clearly stated, and we have strengthened our oversight and vetting procedures while contractors are completing work. Our corporate safety team collects monthly reports on contractor safety performance as part of ongoing safety tracking.

We're making sure our customers and communities understand the importance of safety through our ongoing involvement in public safety education. This includes safety awareness initiatives like "Call Before You Dig" campaigns at Peoples Gas, New Mexico Gas and Emera New Brunswick's Brunswick Pipeline. Our electric utility companies participate in school programs to educate and increase awareness among students about electrical safety.



Innovating for Safety

In the past, inspecting and installing isolation gates at NS Power's hydro generators required the use of divers. Team members from NS Power developed a new approach using a Remote Operated Vehicle (ROV) to carry out inspections of the underwater gates. The team's innovative thinking was recognized with the NS Power Board of Directors Award for Safety Excellence.



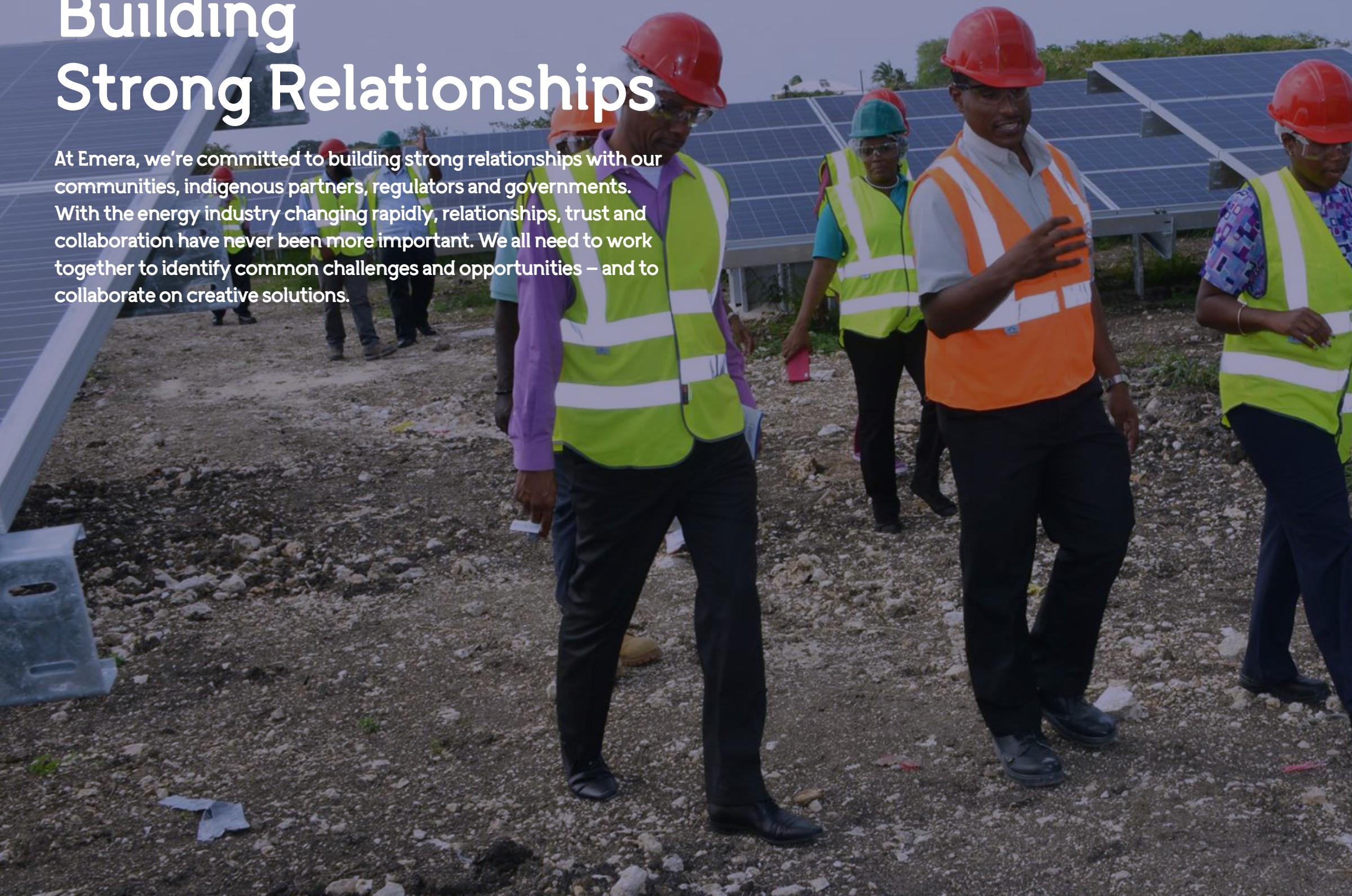
Recognizing Safety Milestones

When Barbados Light & Power employee Anderson Henry worked to ensure an exhaust stack replacement project was carried out safely, it earned him the Barbados Light & Power Outstanding Safety Award for 2017. Anderson made sure safe processes and equipment were a top priority during one of the biggest and most complex projects undertaken by our Barbados electrical utility. In addition to awarding outstanding safety, our companies regularly – and proudly – celebrate employees and teams who achieve safety excellence.



Building Strong Relationships

At Emera, we're committed to building strong relationships with our communities, indigenous partners, regulators and governments. With the energy industry changing rapidly, relationships, trust and collaboration have never been more important. We all need to work together to identify common challenges and opportunities – and to collaborate on creative solutions.



By The Numbers



\$13.1M

Invested in communities through our annual Community Investment Program (Up from \$8.4M in 2016). Plus \$5M special contribution to UNB to establish the Emera & NB Power Research Centre for Smart Grid Technologies.



\$5.1B

Economic value distributed in our operating markets

This includes our community investments, capital payments including dividends, employee wages and benefits, and taxes.



32,000 Hours

Volunteered by Emera employees. Up from 15,000 tracked in 2016.



Ocean Supercluster

Emera is proud to be a founding partner in the Ocean Supercluster, one of five groups chosen by the Government of Canada to be part of its \$950M innovation supercluster initiative. The Ocean Supercluster is bringing together industry, government, universities and researchers in a collaborative model with a shared goal of accelerating the safe and sustainable development of our ocean resources.

Investing in Our Communities, Fostering Collaboration

Every day we deliver the energy that powers our communities. In 2017, we invested over \$13M in initiatives that power a culture of innovation and entrepreneurship within these communities. In collaboration with a range of public and private sector partners, we're helping to create a stronger, safer and more innovative future for communities—a future that will generate economic growth and help develop the leaders of tomorrow.

In addition to our ongoing core community programs, we look for opportunities to make larger-scale investments that spur economic development and foster innovation. In 2017, we were pleased to contribute an additional \$5M to the University of New Brunswick to establish the Emera & NB Power Research Centre for Smart Grid Technologies.

Our team members are active in their local communities, volunteering thousands of hours to support local causes. For example, Emera Maine employee volunteers played an instrumental role in the success of the Red Cross' Home Fire/Sound the Alarm campaign in 2017. The volunteers, along with financial and in-kind support from Emera Maine, enabled the Red Cross to successfully install hundreds of smoke alarms and ensure families have fire escape plans in Emera Maine's service territory.



Partnering with Schools

Barbados Light & Power has partnered with the Barbadian Ministry of Education, Innovation and Technology to offer a program on energy systems and safety to all primary, secondary and private schools across Barbados. These kinds of school-based energy and technology education partnerships are taking place across Emera's operating companies. For example, the team at Emera Energy's Tiverton Power plant has donated more than \$50K to the Tiverton Education Fund since 2014. This contribution has helped purchase new technology for local classrooms.

Building Indigenous Relationships

We are committed to building strong, mutually beneficial relationships with indigenous communities. Our goal is to establish these relationships on a foundation of respect and trust that acknowledges the culture, heritage and traditions of indigenous people.

By using a collaborative approach focused on facilitating open discussion, NS Power continues to establish and maintain meaningful relationships with the Mi'kmaq of Nova Scotia. With a focus on mutually beneficial outcomes, NS Power has established a series of community agreements with the Mi'kmaq, including opportunities for training and capacity building in the areas of archaeology, construction and vegetation management. Internally, NS Power is committed to implementing and promoting cultural awareness programs with all employees.

New Mexico Gas Company's Energy Efficiency team has partnered with the tribal housing authority at San Felipe Pueblo, near Albuquerque, in a test program to help low income homeowners make energy efficiency improvements. The New Mexico Gas team is also working with the Jicarilla Apache Nation to acquire and operate a pipeline that serves communities in north-central New Mexico, and to develop Liquefied Natural Gas storage systems that would supplement existing distribution systems.

Working with Regulators

In a rapidly changing industry like ours, we're working closely with our regulators to identify innovative opportunities to deliver the choice, control, reliability and affordability that our customers expect from us. We regularly communicate with our regulators and collaborate to identify process improvements and opportunities to deliver better results. This includes inviting customer representatives to work with us to find mutually beneficial approaches before we make regulatory filings.



Chris Huskilson Scholarship

In 2018, we established the Chris Huskilson Emera Scholarship to help develop the innovators and leaders of tomorrow. This \$40,000 scholarship is open to Atlantic Canadian students studying science, technology, engineering, entrepreneurship or math at a university in Atlantic Canada. The recipient also receives a 12-week paid internship with an Emera company and is matched with a mentor from Emera's leadership team. In June 2018, we announced the inaugural winner - Dominyka Taylor of Fredericton, NB. The Chris Huskilson Emera Scholarship honours our former CEO, who retired in 2018 after a 40 year career with the company. Across Emera we also offer a range of scholarships for community members and employees' children.

Respecting Our Environment

Whether it's the rugged Atlantic coast, the Sunshine State, the big skies of New Mexico or the beaches of the Caribbean, we draw our creative energy from the places where we live and work. We're committed to taking care of the environments that inspire us, now and for future generations. We're making sure our operations are part of the solution for a lower-carbon climate, and can sustainably coexist alongside natural ecosystems. And we're building stronger energy grids to withstand extreme weather conditions.

By The Numbers



16%

Reduction in GHG emissions since 2005 as we transition to lower-carbon energy across Emera.



60%

Reduction in coal used as fuel source for generation since 2005.
(55% reduction compared to 2016 level)



0.58 tCO₂e

(tCO₂e per MWh of total electricity sales.)

Solutions to Reduce Emissions

We have a strong track record of reducing GHG emissions by investing in renewables and lower-carbon energy. Our efforts are driving results. Our GHG emissions have fallen by 16 per cent compared to 2005 levels, from 27.3 megatonnes CO₂e to 22.9 megatonnes CO₂e.

We understand there is no one-size-fits-all approach to reducing GHGs. The availability of renewable resources varies by location and what works in one market, may not translate to another. Instead, we develop smart, localized solutions that will benefit customers and the environment in all our different markets. Collectively, it is making a big difference.

NS Power has already reduced GHGs by 34 per cent since 2005, surpassing Canada's target of a 30 per cent reduction by 2030. This is largely due to the addition of approximately 600 MW of wind capacity in the province of Nova Scotia over the past decade and by strategically using the thermal generation fleet to meet reliability and peak load requirements. The NS Power team has achieved this important balance by helping to shape an equivalency agreement between provincial and federal governments, enabling the province to move directly from fossil fuels to clean energy.

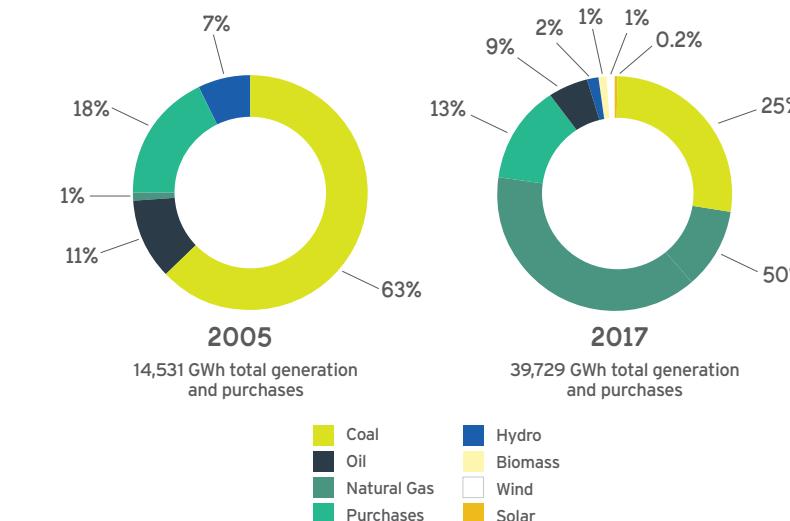
In Florida, we're leveraging a mix of solar and natural gas to reduce GHGs. Solar generation reduced Tampa Electric's CO₂ emissions by 27,000 tonnes in 2017 following the completion of a 23 MW solar array near the Big Bend Power Station. More recently, Tampa Electric has begun installing an additional 600

MW of new solar energy. Once complete, Tampa Electric's total solar generation is projected to reduce emissions by more than 700,000 tonnes per year. Meanwhile, Tampa Electric has also announced plans to modernize our Big Bend generation facility, which will reduce CO₂ emissions by approximately 3,000,000 tonnes.

We're also working to reduce emissions in the Caribbean. A 10 MW solar facility at Barbados Light & Power is cutting CO₂ emissions by 21,000 tonnes a year - an important step in achieving our vision for the island to be 100 per cent powered by renewable energy before 2045. Grand Bahama Power recently announced a \$5M USD investment to build the island's first solar plant. The Solar Sunrise project will generate 4.5 million kW hours of clean energy each year, cutting CO₂ emissions by 1.4 per cent.

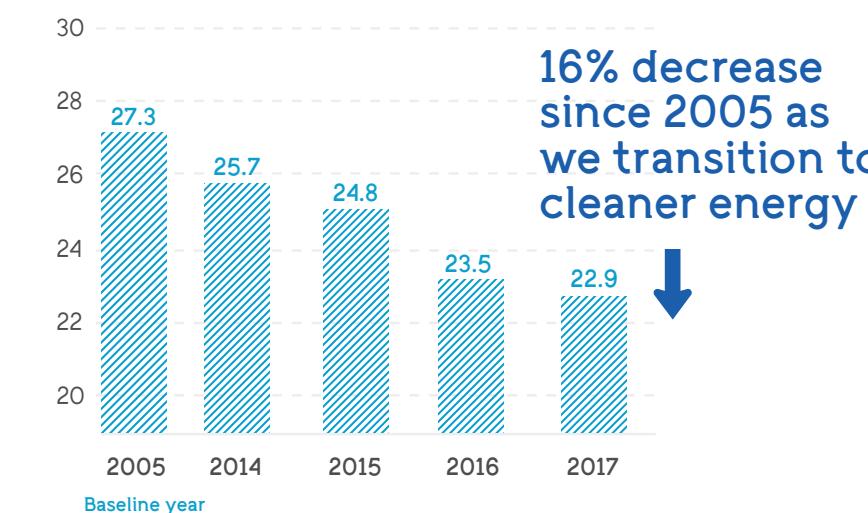
Emissions are also being cut at our natural gas utilities. The teams at Peoples Gas and New Mexico Gas have programs in place to detect and repair pipeline leaks which is helping to reduce methane emissions. Both utilities are making progress by upgrading their distribution systems, replacing old pipes and equipment at compressor stations. These efforts are producing results. For example, since 2012, Peoples Gas has reduced emissions by 22 per cent.

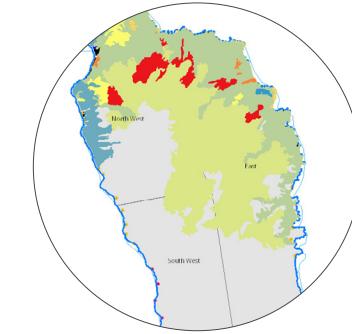
Emera's Evolving Fuel Mix 2005 – 2017



Notes: based on sources of energy as a percentage of total GWh generated by Emera in 2005 and 2017 respectively, including purchases. 2005 figures are based on Emera's company structure and assets at that time.

Emera Annual GHG Emissions





Building a Better GIS

To assist in restoration efforts in Dominica after Hurricane Maria, the Barbados Light & Power team developed a mobile app to assess damage and feed the data to DOMLEC's Geographical Information System (GIS), which enables crews to respond even faster to future outages. Meanwhile, in 2017, the team at New Mexico Gas Company upgraded its GIS system to include information on sensitive species, habitats and culturally protected resources.

Responding to Extreme Weather

We recognize extreme weather is affecting our communities more frequently – and often with greater impact. We're working to prepare our operations and our infrastructure to better withstand extreme weather conditions. We're investing in forecasting tools and upgrading our infrastructure and processes, so our grids are stronger and more resilient when faced with a storm.

We are also collaborating on solutions for restoring energy as quickly and safely as possible following a storm. In September 2017, Hurricane Irma caused more outages than any other storm in Tampa Electric's history. With the support of team members from Emera Utility Services, NS Power, Emera Maine and New Mexico Gas, along with other crews from outside utilities, the team restored power to over 425,000 customers - more than half of its customer base - in only seven days after the storm.

After a major windstorm hit in October 2017, Emera Maine restored service to 90,000 customers, also over half its customer base, in just seven days.

Similarly, NS Power restored service to 158,000 customers affected by a severe wind storm on Christmas Day within five days - 98 per cent of those customers were restored within the first 48 hours.

In September 2017, Dominica was hit by category five Hurricane Maria. The storm impacted 95 per cent of the island's electricity distribution system. Once it was safe, the DOMLEC team restored electricity to critical infrastructure. The team has since made substantial progress in extremely challenging circumstances, effectively restoring energy to all customers who are able to receive it. DOMLEC worked with Emera's operating companies to put together a cross-functional response team to manage and coordinate the restoration work safely and securely.

EMERA-WIDE SAIDI & SAIFI	All-in	*MEDS & planned outages removed
System Average Interruption Duration Index (SAIDI) – this indicates the average duration of outages, in hours, that an average customer will experience in one year.	7.5	2.66
System Average Interruption Frequency Index (SAIFI) – this indicates how often the average customer experiences an outage of longer than 1 minute within one year.	2.24	1.58
Total Number of Major Event Days (MEDs)		17

*SAIDI and SAIFI are industry wide metrics that assess the reliability of the electric system. Given the increased frequency and intensity of large storms, these metrics are calculated both with all outages included and with major event days (e.g. large storms) and planned outages removed.

Delivering Energy Responsibly

Across Emera, we use environmental management systems that conform to the ISO 14001 international standard. In total, we operate over 77,000 km of electrical transmission and distribution lines, as well as 48,500 km of natural gas main and service lines. When we're building new, or maintaining existing energy infrastructure, we follow a process that is respectful of the environment by mitigating impacts on water, biodiversity and vegetation. We also make certain we involve the people who live and work near our project areas. It is part of our disciplined approach to managing environmental risk.

We avoid areas of high biodiversity and protected park areas whenever possible. To safely deliver energy to our customers, we must control the growth of trees that interfere with our power lines. We practice responsible vegetation management, nurturing compatible trees and shrubs to provide habitat and a source of food for wildlife. This work includes fostering species that are important to natural pollinators, recognizing the key role that these insects play in our ecosystem. In bird nesting season, crews look for nests, chicks and eggs and create buffer zones where nesting sites are found. Our commitment to the environment is viable in our projects as well. Completed in 2017, the Maritime Link enables clean, hydroelectricity to travel between Newfoundland & Labrador and Nova Scotia.



Fueling a Cleaner Fleet

When the City of Orlando wanted to lower the environmental impact of its fleet of refuse-collection vehicles, People Gas worked with the city to install a Compressed Natural Gas (CNG) fueling station designed to fill up to 46 vehicles simultaneously and at a special Natural Gas Vehicle Service rate. This rate allows Peoples Gas to design, construct, own and maintain CNG stations as well as deliver natural gas to the station for vehicle refueling.

This massive undertaking included the construction of more than 400 km of overhead transmission lines, three switchyards, two converter stations, two transition compounds, two grounding sites and two submarine cables, each measuring approximately 170 km. Not only was this mega-project delivered on time and on budget, it also met or exceeded all commitments made as part of its provincial and federal environmental approval requirements. For example, construction of the shoreline grounding facility in Nova Scotia required the creation of additional habitat in the form of rock reefs. Our team is now monitoring the rock reefs to track biodiversity, in partnership with the Eskasoni Fish & Wildlife Commission.

The New Mexico Gas team completed a 10 km reroute of the Taos Mainline in order to improve safety and service reliability. The previous mainline was determined to potentially be at risk due to shifting soils, the pipe was moved to a more stable location in the roadbed of a highway that runs through a rugged canyon along the Rio Grande. In planning the new route, the team was careful to avoid environmentally sensitive areas, and during construction, the pipeline was built in phases to ensure minimal disruption and faster restoration of the project area.



Nurturing Coral

The Florida Aquarium is ensuring a sustainable future for tropical reefs at its Coral Ark Nursery. The nursery is part of the aquarium's Centre for Conservation, a 20 acre campus in Apollo Beach, donated by Tampa Electric. The team is caring for local corals that are declining due to pollution, ecosystem changes and increasing storm damage. Tampa Electric is also helping to nurture onshore coastal habitats in and around Apollo Beach, restoring and maintaining 100 acres of critical coastal habitat to date through efforts including revegetation. Partners in the restoration work included the Gulf of Mexico Foundation, Tampa Bay Estuary Program and the Southwest Florida Water Management District.



Protecting Ospreys

In 2017, the team at Emera Maine were pleased to see that local ospreys in Aroostook County had settled into new, safer nesting areas, close to their previous homes. In the spring, returning ospreys used the nesting platforms installed by Emera Maine as part of an effort to relocate the birds' homes away from transmission towers. Similar avian protection programs are run by our teams at NS Power and Tampa Electric.



Enabling Our Team

At Emera, we know our people are our greatest strength. They bring the creative energy that helps us drive innovation and deliver results. We believe having the right people focused on delivering the right strategy is key to our growth and to our success. We recognize we must attract and retain the best people, which is why we strive to be an employer of choice wherever we work.



By The Numbers



7.5K

Employees across Emera.



83%

Employee engagement index based on 2018 survey. Higher than industry norms.



31%

Women on board of directors

39% of senior executive team and 28% of all employees are women - unchanged from 2016.

Developing our Team and Leaders

Our team shares in our strategic focus of meeting our customers' demands for cleaner, affordable and reliable energy, delivered safely. It's this shared focus that inspired us to clearly define how individual performance links to business strategy and priorities. In 2017, we kicked off a year-long project involving more than 400 employees from across the business to help define a common set of Leadership Competencies. These provide clarity on the kinds of skills, behaviors and actions that are expected of every team member in order to advance our business and deliver results.

To build on this even further, we launched an e-learning platform for our entire business, offering team members self-directed learning on a wide range of topics including how to understand and apply Emera's Code of Conduct.



Another way we work to develop our team is by equipping people with the tools needed to keep pace with change and grow their careers. In 2017 we began work to develop a business-wide change management discipline. As the pace of change in our industry increases, this is helping to identify ways the team can better plan for change and increase resilience and adaptability.

We are committed to giving tomorrow's leaders their first start. This is why we're increasing the number of co-operative education (co-op) students and interns hired across the company. In 2017, approximately 100 co-op students and interns were hired, spanning nearly every department across Emera.

Promoting Health, Wellness and Benefits

We are committed to providing a healthy and safe workplace and offering a range of services, programs and incentives that will help employees take charge of their well-being. Our team members have access to regular health screenings and immunization clinics. We organize quarterly health challenges - friendly competitions that encourage positive, healthy habits. These initiatives have increased awareness of the importance of overall wellness across Emera.

We provide a comprehensive range of benefits for eligible employees, which can include health insurance, life insurance, disability insurance, parental leave, pension plans and stock ownership. As of 2017, the Employee Common Share Purchase Plan (ECSPP) is offered to all eligible Canadian, U.S., Barbados and Grand Bahama employees.



Employer of Choice

Emera works to offer our team fulfilling careers with competitive rewards and benefits. We were proud to be in the top 10 for utilities on Forbes Magazine's Canada's Best Employers list in 2017, and again in 2018. We were also named one of Atlantic Canada's Top 30 and one of Nova Scotia's Top 10 employers for 2018.



Celebrating Diversity

We see the diversity of our team as one of our strengths – and something we must continue to focus on and strengthen. Emera companies are equal opportunity employers and are committed to hiring practices and a workplace environment that provides employment opportunities for all.

We strive for diversity on our leadership team and Board of Directors. In 2017, women made up 31 per cent of Emera's Board, including the Chair. At Emera Inc., 39 per cent of our executive leadership team are women, and across the company, 28 per cent of all employees are women.

Diversity and Inclusion in Nova Scotia

The NS Power team developed a Diversity and Inclusion Strategy in 2017 to strengthen the diversity of opinions, perspectives and backgrounds in our business and communities. More than 50 team members helped to define the strategy and kick-off NS Power's Diversity and Inclusion Network, which is working to celebrate diversity, attract talented candidates, educate our team and measure progress.

Governance

Corporate Governance

Emera's Board of Directors is committed to a high standard of corporate governance. The fundamental responsibility of the Board is to provide rigorous oversight of an integrity-based culture, development and execution of strategy, risk management, senior leadership development and succession planning, oversight of financial and other reporting and disclosures and corporate governance.

In 2017 Emera was named in the top five organizations in Canada for corporate governance. The Globe and Mail Board Games compares more than 240 companies and trusts in the S&P/TSX composite index across the nation and ranks them based on factors such as board composition and diversity, shareholder rights and disclosure practices.

Sustainability Governance

Driven by Emera's business strategy, sustainability issues are managed day-to-day within each business unit across the company and are reported to the respective executive team members. Scorecards contain targets relevant to our sustainability performance to ensure our strategic goals are delivered.

At the executive level, our sustainability program is the responsibility of the Executive Vice President of Stakeholder Relations & Regulatory Affairs, who reports to the Chief Executive Officer.

At the board level, the Health, Safety and Environment Committee has oversight of all issues related to these specific issues. All other sustainability issues are reported to the full Emera Board at regular meetings throughout the year. The Emera Code of Conduct sets out the ethical standards and behaviours expected of all our employees.

Our Code of Conduct is based on principles that are the foundation of everything we do at Emera.



Safety, Health & the Environment

- We are committed to health and wellness and strive to live and work injury-free.
- We believe that all injuries are preventable and that safety of life outweighs all other considerations.
- We are committed to meeting our business objectives in a manner which is respectful and protective of the environment.



Customers

- We safely deliver cost-effective and reliable energy to meet our customers' needs.
- We seek cleaner, affordable and more sustainable energy solutions.
- We are deeply invested in our communities.



Integrity

- We build trust by finding common interest and always acting with integrity.
- We hold ourselves to high ethical standards.
- We comply with the laws, regulations and policies that govern us.



Respect & Collaboration

- We treat all people with respect and value diversity.
- We achieve results through collaboration.



Excellence

- We deliver on our commitments to customers, shareholders, other stakeholders and each other.
- We seek continuous improvement and tenaciously pursue creative solutions.
- We invest in the growth of our people and the development of leaders.

Approach

Materiality

We selected the topics and data to include in this sustainability report based on the issues that we understand are important to our stakeholders and to our business strategy. These issues often overlap, as the views of our stakeholders and the decisions they take are significant drivers of our business success.

We draw on the opinions and insights shared by our stakeholders in our many daily interactions across the markets we serve. These can include meetings, conferences and events, customer and employee surveys, customer service channels and reviewing media coverage. Our stakeholders include, but are not limited to, our customers, shareholders, employees, our communities, regulators and government, industry associations, business partners, suppliers and NGOs.

In 2016, we also conducted a comparative review of sustainability materiality assessments for the electric utilities industry, many of which were developed using multi-stakeholder input, including:

- **CEA sustainability materiality matrix for the Canadian electric utility industry 2014**
- **RobecoSAM Defining What Matters – Mining, Metals and Electric Utilities 2016**
- **EPRI Material Issues for the North American Electric Power Industry 2013**
- **GRI G4 Sector Disclosures Electric Utilities 2013**

Based on this approach, we believe the following list of issues set out in our 2017 Performance Data (link below) best represents the current social, economic and environmental issues that are important for us to focus on at this time. It has also guided the selection of topics and data included in this report. The 2016 assessment is still valid. As our sustainability program matures, we plan to revisit this materiality assessment.

View our 2017 Sustainability Performance Data at
emera.com/2017data



Forward Looking Statement

This document contains "forward-looking information" and statements which reflect the current view with respect to Emera Incorporated's ("Emera") expectations regarding future growth, results of operations, performance, business prospects and opportunities and may not be appropriate for other purposes within the meaning of applicable securities laws. All such information and statements are made pursuant to safe harbour provisions contained in applicable securities legislation. The words "anticipates", "believes", "could", "estimates", "expects", "goal", "intends", "may", "plans", "projects", "schedule", "should", "budget", "forecast", "might", "will", "would", "targets" 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 Emera's management and should not be read as guarantees of future events, performance or results, and will not necessarily be accurate indications of whether, or the time at which, such events, performance or results will be achieved. The forward-looking information is based on reasonable assumptions and 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.

Factors that could cause results or events to differ from current expectations are discussed in the Business Overview and Outlook section of Emera's Management's Discussion and Analysis as at August 9, 2018 and may also include: regulatory risk; operating and maintenance risks; changes in economic conditions; commodity price and availability risk; capital market and liquidity risk; future dividend growth; timing and costs associated with certain capital projects; the expected impacts on Emera of challenges in the global economy; estimated energy consumption rates; maintenance of adequate insurance coverage; changes in customer energy usage patterns; developments in technology that could reduce demand for electricity; weather; unanticipated maintenance and other expenditures; system operating and maintenance risk; derivative financial instruments and hedging; interest rate risk; credit risk; commercial relationship risk; disruption of fuel supply; country risks; environmental risks; foreign exchange risk; regulatory and government decisions, including changes to environmental, financial reporting and tax legislation; risks associated with pension plan performance and funding requirements; loss of service area; risk of failure of information technology infrastructure and cyber-security risks; market energy sales prices; labour relations; and availability of labour and management resources.

Readers are cautioned not to place undue reliance on forward-looking information as actual results could differ materially from the plans, expectations, estimates or intentions and statements expressed in the forward-looking information.

All forward-looking information in this document is qualified in its entirety by the above cautionary statements and, except as required by law, Emera undertakes no obligation to revise or update any forward-looking information as a result of new information, future events or otherwise.

Nothing in this document should be construed as an offer or sale of securities of Emera or any other person.



**1223 Lower Water Street
Halifax, Nova Scotia B3J 3S8
Canada**

emerasustainability.com