



**POLICY ON REPORTING ALLEGATIONS OF
SUSPECTED IMPROPER CONDUCT AND WRONGDOING
1 January 2008**

1 OBJECTIVE

- 1.1 Fortis' Ethics Policy requires directors, officers and employees to observe high standards of ethical behaviour, honesty and integrity in the conduct of their duties and responsibilities including financial reporting and record keeping activities. It is the responsibility of all directors, officers and employees to comply with the Ethics Policy and to report violations or suspected violations thereof.
- 1.2 The purpose of this Policy is to set out guidelines and procedures to be employed by all directors, officers and employees for the reporting, investigation and response to violations or suspected violations of the Ethics Policy and/or financial reporting, accounting, internal accounting controls, auditing or other matters.
- 1.3 This Policy is intended to encourage and enable employees to raise serious concerns within the Corporation rather than seeking resolution outside the Corporation.

2 DEFINITIONS

- 2.1 **“Audit Committee”** means the audit committee appointed by the board of directors of the Corporation;
- 2.2 **“Board”** means the Board of Directors of the Corporation;
- 2.3 **“Investigator”** means the person designated by the Board with responsibility for investigating and resolving all reported complaints and allegations concerning violations or suspected violations of the Ethics Policy and/or accounting, financial reporting, internal accounting controls, auditing or other matters;
- 2.4 **“Corporation”** means Fortis Inc.;
- 2.5 **“Ethics Policy”** means the Ethics Policy adopted by the Board and, if applicable, an ethics policy adopted by the board of directors of any subsidiary of the Corporation;

- 2.6 **“Incident”** means one or more violations or suspected violations of the Ethics Policy and/or accounting, financial reporting, internal accounting control, auditing or other matters;
- 2.7 **“Policy”** means this Policy on Reporting Allegations of Suspected Improper Conduct and Wrongdoing, as may be amended from time to time; and
- 2.8 **“Reporter”** means a director, officer, employee or other person reporting allegations of suspected improper conduct and wrongdoing in accordance with this Policy.

3 APPLICATION

- 3.1 This Policy applies to the Corporation and any subsidiary of the Corporation that has not adopted a substantially similar policy for such entity.

4 NO RETALIATION

- 4.1 No director, officer or employee who in good faith reports an Incident, or provides information to the Investigator in respect of an investigation of an Incident, shall suffer harassment, retaliation or adverse employment consequences, including, without limitation, termination, demotion, transfer or other forms of discrimination as a result of such reporting of an Incident.

5 REPORTING INCIDENTS

- 5.1 Any questions, concerns, suggestions or complaints should normally be shared with someone who can address them properly, who, in most cases will be an employee’s manager.
- 5.2 If an employee believes that in a particular situation it would not be appropriate to report such an Incident to their manager, the employee may report the incident to any other officer or member of the Corporation’s management team whom the person believes it would be appropriate to report the Incident.
- 5.3 Management must report Incidents to the Investigator, who has specific and exclusive responsibility to investigate all Incidents.

- 5.4 Reporters not comfortable approaching any manager, should contact the Investigator.
- 5.5 Reporters may contact the Chair of the Audit Committee of the Corporation if they are not comfortable approaching the Investigator, or if he is unavailable and the matter is urgent.
- 5.6 Suspected fraud or securities law violations should be reported directly to the Investigator.
- 5.7 If a Reporter wishes to remain anonymous when reporting an Incident, the Corporation has secured the services of EthicsPoint, a third-party provider of confidential, anonymous reporting services to accept these reports.

6 INVESTIGATION AND OVERSIGHT

- 6.1 The Investigator will investigate Incidents in an independent, expeditious and confidential manner, taking care to protect the identity of the persons involved and to ensure that the investigation is not impaired in any manner.
- 6.2 The Investigator will notify the Reporter and acknowledge receipt of the report of the Incident within five (5) business days.
- 6.3 A Reporter who reports an Incident on the EthicsPoint system should return to the EthicsPoint system website at least five (5) business days after reporting an Incident to see the response to his or her report and to respond to any follow-up questions.
- 6.4 All Incidents will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.
- 6.5 The Investigator may involve other management of the Corporation in his investigation, as deemed appropriate. The Investigator may agree to authorize an independent investigation or to engage consultants to assist in the investigation.
- 6.6 The Investigator has direct access to the Chair of the Audit Committee of the Corporation and shall report to the Audit Committee, at least annually, on compliance activity other than Incidents involving financial reporting, accounting, internal accounting controls, auditing or other matters deemed appropriate by the Investigator.
- 6.7 The Investigator shall report any Incidents involving financial reporting, accounting, internal accounting controls, auditing or other matters deemed

appropriate by the Investigator, immediately to the Chair of the Audit Committee and work with the Audit Committee until the matter is resolved.

- 6.8 The Audit Committee shall provide oversight over the activities of the Investigator and the investigation and resolution of Incidents.
- 6.9 The status and outcome of an investigation of an Incident will be communicated to the Reporter in a timely manner either through direct communication if the Reporter provided his or her name, or via the EthicsPoint web site if the Reporter wishes to remain anonymous.

7 ACTING IN GOOD FAITH

- 7.1 A Reporter must be acting in good faith and have reasonable grounds for believing that the information disclosed indicates a violation of the Ethics Policy and/or financial reporting, accounting, internal accounting controls, auditing or other matters.
- 7.2 Incidents found to be unsubstantiated following investigation in accordance with this Policy, and that prove to have been made in bad faith, maliciously or knowingly to be false will be viewed as a serious offence which could give rise to disciplinary action up to and including termination of employment.

8 CONFIDENTIALITY

- 8.1 Reports of Incidents may be submitted on a confidential or anonymous basis and the identity of the Reporter will be kept confidential to the extent permissible by law and feasible to permit a proper investigation.
- 8.2 Anonymous reports of Incidents must be supported by sufficient information or evidence to enable a proper investigation since the Investigator will not be able to seek further particulars from the Reporter.

9 CONTACTS

- 9.1 The Investigator designated by the Board is Paul Summers, Director, Internal Audit of the Corporation who may be contacted at 709.737.2987 or by e-mail at psummers@fortisinc.com.
- 9.2 The Chair of the Audit Committee of the Corporation is David Norris who may be contacted at 709.737.5432 or by e-mail at dnorris@fortisinc.com.

9.3 EthicsPoint may be accessed via the internet at www.ethicspoint.com or by telephone at 1-866-294-5534.

10 POLICY REVIEW

10.1 The Audit Committee shall review the provisions of this policy periodically.

11 EFFECTIVE DATE

11.1 This policy is effective as of January 1, 2008.