

Caribbean Utilities Company, Ltd.

2022 Sustainability Report



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Forward-Looking Information

Caribbean Utilities Company, Ltd. (“CUC” or the “Company”) includes “forward-looking information” in this report within the meaning of applicable Canadian securities laws and “forward-looking statements” within the meaning of the National Instrument 51-102 (collectively referred to as forward-looking information).

Forward-looking information included in this report reflects the expectations of CUC’s management regarding anticipated future events, results of operations, circumstances, performance or expectations with respect to the Company and its operations, including its strategy and financial performance and condition. Forward looking statements include statements that are predictive in nature, depend upon future events or conditions, or include words such as “expects”, “anticipates”, “plans”, “believes”, “estimates”, “intends”, “targets”, “projects”, “forecasts”, “schedules”, or negative versions thereof and other similar expressions, or future or conditional verbs such as “may”, “will”, “should”, “would” and “could”.

Forward-looking statements are based on underlying assumptions and management’s beliefs, estimates and opinions, and are subject to inherent risks and uncertainties surrounding future expectations generally that may cause actual results to vary from plans, targets and estimates. Some of the important risks and uncertainties that could affect forward looking statements include but are not limited to operational, general economic, market and business conditions, regulatory developments and weather. CUC cautions readers that actual results may vary significantly from those expected should certain risks or uncertainties materialise, or should underlying assumptions prove incorrect. Forward-looking statements are provided for the purpose of providing information about management’s current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for other purposes. The



Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by law.

Unless otherwise specified, all financial information referenced is in United States dollars.

Greening our Grid

Welcome to the first sustainability report for Caribbean Utilities Company, Ltd. (“CUC” or “the Company”).

The content of this report is intended to demonstrate the Company’s commitment to high standards in environmental, social and governance (“ESG”) initiatives. It provides an effective way for us to communicate our environmental and social initiatives and offers accountability and transparency to our investors and stakeholders. The report will also demonstrate the Company’s belief that the integration of material ESG issues into its corporate strategy can help mitigate risks and identify strong opportunities.

Over the years, our Company has proactively implemented ESG initiatives. We have embraced environmental standards, community projects, issued 59 scholarships and adopted the relevant governance standards. We welcome the overarching framework that will allow us to highlight all of the ESG initiatives that have been in practice for quite some time.

Sustainability is critical to our future and it is essential that as a Company, we embrace sustainability as core of our strategy and in everything we do. We must actively shape the energy transition toward a more robust renewable energy environment.

Our vision is “Empowering Cayman to be a Global leader” and, of all the decisions that we pursue, a focus on ESG will enable us to deliver on this vision.

The Company is committed to greening our grid, to reduce our dependence on fossil fuels and to bring more renewable energy to the grid. We are committed to having 70% of renewable energy by 2037.

As we move into 2023, we will take a strategic approach to ESG and our key areas of focus will be on the following:

- + increase renewables on the grid and decrease reliance on diesel;



- + strengthen the grid to be more robust, reliable and resilient;
- + increase our reporting on ESG to be fully aligned with our chosen international reporting standards.

CUC will play a key role to ensure that Grand Cayman meets future energy demand as we continue to develop solutions to address climate change, reduce GHG emissions and improve our employees’ participation in our sustainability efforts.

The initiatives highlighted in this report would not be possible without the hard work and commitment of our dedicated employees. I am proud of the substantial progress our 239 employees have made thus far to advance our ESG initiatives and provide value to our stakeholders.

On behalf of our Executive Leadership team and employees of CUC, we thank you for your continued support.

J.F. Richard Hew
President & Chief Executive Officer



Plans for the Future

As global awareness around sustainability issues increases, we at CUC are pleased to provide you with our inaugural sustainability report and to share with you some of what we have been working on in this area over many years as well as outline our plans for the future.

In 2021, we made steps to strengthen our sustainability commitment with the creation of a department that focuses on delivering our plan in the areas of Sustainability and ESG.

Our approach to sustainability forms the basis to our corporate strategic framework. We have aligned with five United Nations Sustainable Development Goals (“SDGs”) which are most suited for our Company. This report is prepared based on the Sustainability Accounting Standards Board (“SASB”) Standards and the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”). We are committed to improving alignment with these standards as we continue to refine our sustainability strategy and expand on the key performance indicators (“KPIs”) reported in this report.

In 2021, we made significant progress including:

- + Completed an ESG Materiality Assessment to prioritise the ESG Factors with the greatest potential to impact Company value. For more detail, see [Our ESG Materiality Assessment](#).
- + Developed an ESG approach which is embedded in our corporate strategy, communicated in our ESG Position Statement. For more detail, see [Our Approach to Sustainability](#).
- + Identified a set of ESG KPIs to enable us to monitor and measure our progress and performance. We have disclosed many of these ESG KPIs in [Appendix A: Performance Indicator Results](#).

- + Developed a multi-year ESG strategy implementation roadmap to guide our approach to ESG.

For us at CUC, the protection of our environment, through the reduction of emissions is critical to our business and to our islands. We are keen to do our part to assist the Cayman Islands to achieve greenhouse gas (“GHG”) emissions reduction to 4.8tCO₂e per capita by 2030 as detailed in the National Energy Policy (“NEP”).

Our teams are working diligently on Data security and Data protection. We remain focused on driving excellence in customer satisfaction and have been listening to what our customers want from us.

Another area of focus is on our people, and specifically on diversity, equity and inclusion. During 2021 we have hired 11 female employees (2020: 5) and we are proud of the fact that following our General Meeting our Board of Directors as at May 10, 2022 is equally split in the male to female ratio.

We have developed policies around employee gender and diversity and as well as maintained a respectful workplace.

With ESG increasingly in the spotlight in recent years, CUC is committed to keeping our approach to sustainability at the core of the way we do business.

Letitia T. Lawrence

Vice President Finance, Corporate Services & Chief Financial Officer

Our Company

CUC commenced operations as the only electric utility in Grand Cayman, Cayman Islands on May 10, 1966.

The principal activity of the Company is to generate, transmit and distribute electricity in its licence area of Grand Cayman, Cayman Islands pursuant to a 20-year exclusive Transmission & Distribution (“T&D”) and a 25-year non-exclusive Generation Licence granted by the Cayman Islands Government (the “Government”), which expire in April 2028 and November 2039, respectively.

The Company is regulated by the Cayman Islands Utility Regulation and Competition Office (“OfReg”), which has the overall responsibility of regulating the electricity, information and communications technology, water, and the petroleum industries in the Cayman Islands in accordance with the Utility Regulation and Competition Office Act (2021).

The Company is the main supplier of electricity on Grand Cayman with total installed generating capacity of 161 megawatts, nine transformer substations, approximately 552 miles of land-based high-voltage transmission and distribution lines and 15 miles of high-voltage submarine cable. The Company uses diesel generation to produce electricity for Grand Cayman. The net book value of property, plant and equipment was \$576.7 million as of December 31, 2021.

The Company’s Class A Ordinary Shares are traded on the Toronto Stock Exchange.

Fortis Energy (Bermuda) Ltd. (“FEBL”), a wholly-owned subsidiary company of Fortis Inc. (“Fortis”), holds approximately 60% of CUC’s shares. Fortis is a diversified electric holding company. Fortis owns subsidiaries in five Canadian provinces, nine US states and three Caribbean countries.

CAYMAN ISLANDS

- + United Kingdom Overseas Territory
- + Grand Cayman, Cayman Brac, Little Cayman
- + 150 miles south of Cuba



OUR CORE VALUES:



Health and Safety



Reliability



Environment



Excellence



Customer Service



Community



Integrity



Teamwork

Reporting Practice

In 2021, a Sustainability Department was created to centralise the reporting of key internal sustainability metrics. Over the years, CUC has monitored and reported key performance measures internally to management, the Board of Directors (“Board”) and to the Company’s controlling shareholder FEBL, a wholly-owned subsidiary of Fortis.

In determining our sustainability reporting strategy, CUC reviewed various frameworks and analyzed the relevance of each framework in relation to our stakeholders and the Company. We also considered the reporting frameworks currently used by Fortis. Based on our analysis, we decided to prepare this report based on recommendations of the SASB standard for Electric Utilities and Power Generators, version 2018-10. A cross reference of our disclosures with the SASB standard is listed in Appendix B of this report. Fortis is now fully aligned with the applicable SASB standards which is included in the Fortis 2022 Sustainability Report.

We have also considered the TCFD recommendations and we will commit to enhancing our alignment with the TCFD recommendations over time. A cross reference of our disclosures with the TCFD recommendations is listed in Appendix C of this report. In 2021, Fortis fully committed to supporting and implementing the TCFD Recommendations.

We also considered which SDGs are most closely linked to the ESG factors impacting the Company.

Data Verification and Report Review

The information in this report was reviewed by the subject matter experts at CUC. The report was reviewed by the Company’s Disclosure Committee which includes the Executive team. The report was considered by the Governance and Sustainability Committee and has been approved by CUC’s Board of Directors.

CUC discloses information in multiple formats. The first sustainability report can be read in conjunction with the following:

- + [Annual Report](#)
- + [Management Information Circular](#)
- + [Annual Information Form](#)
- + On our website: www.cuc-cayman.com

This report covers CUC’s sustainability performance from January 1, 2021 to December 31, 2021. CUC intends to report sustainability KPIs annually and produce a sustainability report every two years.

The report can be used for comparative purposes going forward. The performance indicators contained in Appendix A are dated December 31, 2021 and all financial information is presented in United States dollars unless otherwise specified .

This report was published on September 1, 2022.



SASB STANDARDS

Now part of IFRS Foundation

The use of the SASB logo is not an endorsement from SASB. The SASB Standard for Electric Utilities and Power Generators, version 2018-10 was utilised for some of the disclosures in this report .

In 2021, CUC conducted an ESG Materiality Assessment to identify and prioritise the ESG factors with the greatest potential to impact the Company's value and influence relationships with stakeholders. The process we undertook was to identify potential ESG factors based on a range of different sources:

- + The Company conducts an annual strategic workshop. In 2021, ESG factors were the focus of the workshop. CUC engaged an external advisor with expertise in ESG and external reporting of ESG matters to conduct the workshop. During this workshop the Executive team, Management team, and key operational staff analysed various ESG factors and their potential to impact company value and importance to stakeholders.
- + We conducted interviews and distributed a survey to gather feedback from internal stakeholders on priority ESG factors.
- + We considered ESG and sustainability frameworks and the standard of most relevance to CUC including SASB's Electric Utilities and Power Generators Standard, the TCFD recommendations, and the SDGs.

We then assessed the potential impact and likelihood of each ESG factor over the short, medium and long term.

The results of the ESG materiality assessment were validated by the Board of Directors and the Executive team.

The following ESG Factors were prioritised:

- + [GHG Emissions](#)
- + [Energy Affordability](#)
- + [Health and Safety and Emergency Management](#)
- + [Grid Resiliency](#)
- + [Physical Climate Risk](#)
- + [Energy Resource Planning and Transition Climate Risk](#)
- + [Business Ethics, Transparency and Corporate Governance](#)
- + [Human Capital Management](#)
- + [Community Relations](#)
- + [End Use Efficiency and Demand](#)
- + [Biodiversity Impacts and Waste Management](#)
- + [Air Quality](#)
- + [Water Management](#)

These ESG Factors form the basis of the external disclosures contained in this report.



At CUC, ESG drives the corporate strategy and objectives. The way that CUC manages ESG has a direct link to the success of its business given the importance of ESG to the utilities industry. ESG factors can have significant impacts on operations, communities, and the resources required to deliver our services. Utilities are tasked with safely delivering an essential service to communities and have an important role to play in delivering a sustainable energy future. CUC recognises that vision, mission and value proposition are inextricably linked to ESG.

Vision:

Empowering Cayman to be a global leader.

Mission:

To be a leader in the growth of our community by delivering safe, reliable energy services at competitive costs and with respect to the environment while being a model corporate citizen and providing a fair return to our shareholders.

Value Proposition:

- + Cost-competitive energy and highly reliable service
- + Trusted corporate member of the community
- + Well-positioned for the future

Our corporate objectives form the foundational pillars of CUC's approach to ESG given their interconnectedness as depicted in CUC's overall strategic framework (see page 10). These corporate objectives are all underpinned by a robust governance framework that supports long-term strategy. Strong governance practices (including oversight and risk management practices) support the achievement of all corporate objectives. See [Our Governance](#) section for more details.

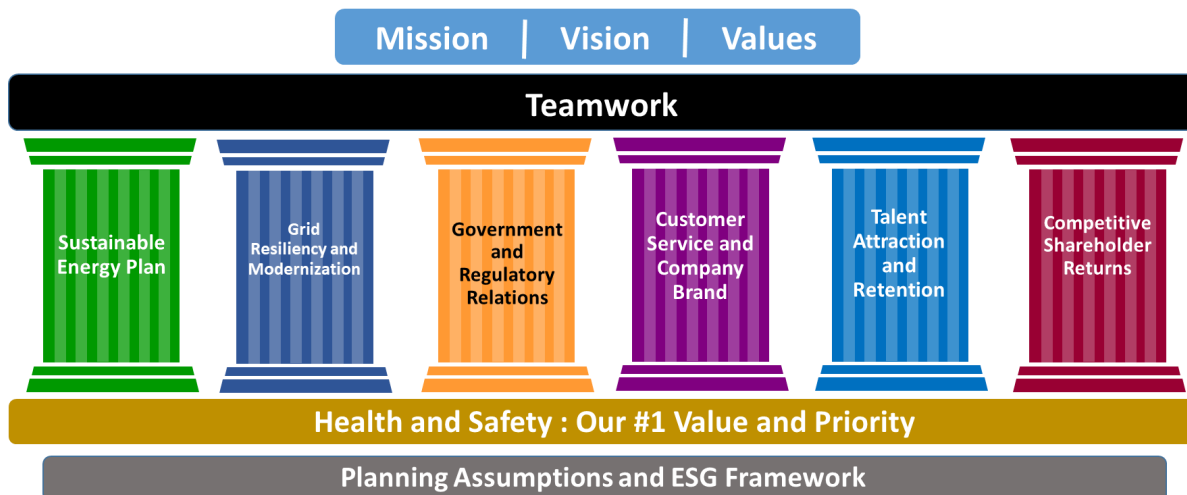
These foundational pillars align to the strategic ESG factors that were identified as having the greatest potential to impact the value of the Company and that are of most importance to our stakeholders, as determined by [our ESG Materiality Assessment](#). They are also linked to the SDGs. During our strategic planning workshop, the Executive team, Management team, and key operational staff went through an exercise to select the SDGs where CUC has the greatest potential to make a positive impact through our business activities.



We have identified the following United Nations Sustainable Development Goals that are most relevant to our sustainable priorities:



CUC's Strategic Framework



+ Health and Safety: Protecting our people, communities and the environment is a top value. We strive to minimise health and safety hazards to our employees, contractors and communities. We conduct our business with respect for the environment and reduce our GHG emissions by increasing renewable energy capacity, accelerating solar and energy storage and empowering customers to manage energy more efficiently.



+ Sustainable Energy Plan: Our customers must be protected against rising and unstable energy costs to promote social and economic development. We are decreasing our diesel use and increasing our use of natural gas and our renewable energy capacity. We are evaluating new technologies to better meet customer needs and to capitalise on the transition to a lower carbon economy.



+ Grid Resiliency and Modernization: Our customers require a high level of reliability and continuous service. We are focused on building our resilience to the physical impacts of climate change and other threats that could impede our ability to deliver reliable energy.



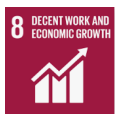
+ Government and Regulatory Relations: Our relationships with the Government and regulators are important to our success and critical to our ability to achieve our corporate objectives. We are focused on maintaining positive relationships with these stakeholders. We strive to demonstrate the highest standards of ethical business practice and conduct and be a leader in the utility sector.



+ Customer Service and Company Brand: Our reputation in the community is one of our most important assets. We are focused on building our brand identity, corporate narrative, customer experience and employee experience to drive value for our customers and communities. An important part of this is our objective to be an ESG leader in Cayman and globally.



+ Talent Attraction and Retention: Our employees allow us to realise our vision and strategy. We are focused on attracting and retaining a skilled workforce, unlocking employee potential, increasing productivity, and fostering a diverse, equal, and inclusive workforce.



+ Competitive Shareholder Returns: We value our shareholders and we aim to provide competitive shareholder returns to retain these investors and attract more investors. We will manage our financial operations to optimise our financial performance.

To support these foundational pillars, we expect all employees, officers, directors and, to the extent feasible, consultants, contractors, and representatives of CUC to be committed to our objective to be an ESG leader by upholding the following commitments:

Governance

+ ESG will be a key priority across the Board of Directors, senior management and embedded into corporate culture and strategic decision-making.

- + CUC will maintain strong governance structures that incorporate ESG, including Board oversight of ESG, Board expertise on ESG and senior management accountability for ESG.
- + ESG metrics and targets will continue to be integrated into executive compensation and corporate performance measures.
- + See [Our Governance](#) section for more details on oversight of ESG.

Strategy

- + CUC is committed to identifying ESG risks and opportunities with the potential to impact company value and corporate objectives over the short, medium, and long term.
- + CUC will allocate the appropriate resources to mitigate ESG risks in alignment with the Company’s risk appetite. We will also strive to capture ESG opportunities, including evaluating and implementing new technologies to improve our ESG performance.
- + CUC will consider ESG when it evaluates new capital projects and business opportunities, including potential mergers and acquisitions and in due diligence processes.

Risk Management

- + CUC will review its ESG Materiality Assessment on an annual basis to ensure that the most important ESG factors have been identified, assessed and prioritised. ESG factors will be monitored on an ongoing basis.
- + Material ESG risks continue to be integrated into Enterprise Risk Management (“ERM”) processes and necessary strategies will be developed to mitigate ESG risks. We will consider how the impacts of ESG factors could impede or support the achievement of our corporate objectives.

Metrics and Targets

- + CUC will monitor its ESG performance using leading and lagging metrics. See [Appendix A](#) for a consolidated presentation of our key ESG metrics used to monitor our ESG performance.
- + CUC will set goals and/or targets for its key strategic ESG factors to reduce Scope 1 and 2 GHG emissions and targets to increase diversity in the workforce. CUC will evaluate the feasibility of setting a net-zero GHG emissions by 2050 target.

The Board approves annual Corporate Targets that the Company aims to achieve. The targets list below contains the 2021 Plan Corporate Targets and the actual results for 2021:

Category	Target	2021 Plan	2021 Actual
Financial	Earnings per Share	\$0.70	\$0.74
	Cash Flow (US\$ millions)	\$70.4	\$70.4
	Annual Business Development Plan (%)	100%	100%
Safety and Environment	All Injury Frequency Rate	2.4	1.8
	Number/Volume of Uncontained Hydrocarbon Spills (US Gallons)	5/30	7/127 ¹
Reliability	Outage Duration Index (SAIDI ² /hours)	2.8	2.3
	Outage Frequency Index (SAIFI ³ /hours)	3.0	2.7
Customer Service	Customer Satisfaction Survey Score (%)	75%	75%
Employees	Employee Engagement Rating (%)	80%	71%

¹ None of the spills resulted in a fine.

² Customer hours of interruption per customer served.

³ Number of times that a customer experiences an outage.

For 2022, the Board of Directors approved the following Corporate Targets:

Category	Target
Financial	Earnings per Share
	Cash Flow (US\$ millions)
	Sustainable Energy Plan ⁴
Safety and Environment	All Injury Frequency Rate
	Complete Annual EHS Plan
	Number/Volume of Uncontained Hydrocarbon Spills (US Gallons)
Reliability	Outage Duration Index (SAIDI/hours)
	Outage Frequency Index (SAIFI/hours)
Customer Service	Customer Satisfaction Survey Score (%)
Employees	Employee Engagement Rating (%)

Additionally, we are committed to greening our grid and reducing our dependence on fossil fuels. We are committed to having 70% of renewable energy by 2037 and committed to reducing GHG emissions as per Fortis’ target of 75% Scope 1 emissions reduction by 2035 (using 2019 as a baseline).

Reporting and Disclosure

+ CUC will report on its ESG performance in alignment with SASB’s Electric Utilities and Power Generators Sustainability Accounting Standard and the TCFD recommendations within a reasonable period. We will strive to enhance ESG disclosure across communications channels. We will also map our reporting to the SDGs and their underlying targets and indicators.

⁴ Previously the Annual Business Development Plan.

CUC wants to continue to be a leader on ESG in Cayman and globally. To achieve this, ESG will be further integrated into the corporate strategy and the Company will continue to enhance measures to minimise ESG risks and capture ESG opportunities. CUC supports the objectives of the Cayman Islands NEP, the Paris Agreement and the United Nations 2030 Agenda for Sustainable Development and the SDGs. The Company seeks to create positive impact that supports the objective of achieving a better and more sustainable future for all.



United Nations
Climate Change



Registered to the ISO 14001 Standard

CUC’s operations are subject to local environmental protection laws concerning emissions to the air, discharges to surface and subsurface waters, noise, land use activities, and the handling, storage, processing, use and disposal of materials and waste products.

CUC’s Environmental Management System (“EMS”) is registered to the ISO 14001 Environmental Standard. The Company was initially registered in 2004, pursuant to an audit by a third party of the EMS to ensure that the Company was meeting requirements put in place by the Government as well as self-imposed requirements. Under the ISO 14001 standard companies are required to establish, document, implement, maintain and continually improve their environmental performance with an aim of prevention of pollution. In order to maintain the Company’s



North Sound Road Site
ISO 14001
 QMI-SAI Global

registration to this Standard an external surveillance audit is conducted annually, and an external audit is conducted every three years for re-certification. Internal audits of the system must also be conducted on an annual basis. CUC has most recently conducted, and successfully passed its re-certification audit in 2021.

GHG Emissions and Climate Change

One of CUC’s primary goals over the next five years is to accelerate solar photovoltaics (“solar”) and energy storage as primary strategies to reduce GHG emissions. Additionally, we plan to reduce carbon emissions by improving customer energy management through programmes and education. For an overview of the key initiatives, we have implemented to empower our customers to improve energy efficiency, see [End-Use Efficiency and Demand](#). We believe that moving forward there will be increased expectations from customers and the public for CUC to become more environmentally conscious and use more sources of renewable energy. CUC supports the objectives of the NEP and the Paris Agreement and seeks to create positive impact that supports the objective of achieving a better and more sustainable future for all.



Governance

As described below under [Our Governance](#), the Governance and Sustainability Committee of the Board is responsible for oversight of ESG factors, including climate change factors, and is supported by CUC's Vice President of Finance, Corporate Services & Chief Financial Officer, who has accountability for managing ESG factors, including climate change factors.

Going forward, the Board/Governance and Sustainability Committee will receive quarterly updates on ESG, including climate change factors. In 2021, the Board approved the Company's ESG strategy and roadmap for implementation. The Board also approved the 2022 Business Plan, budgets, metrics and targets, which included climate specific items.

Strategy

At CUC, ESG drives the corporate strategy and objectives. The way that CUC manages ESG, including climate change, has a direct link to the success of our business given the importance of ESG to the utilities industry. Utilities are tasked with safely delivering an essential service to communities and have an important role to play in delivering a sustainable energy future.

[Our ESG Materiality Assessment](#) included the identification and assessment of a number of climate-related factors which we report on, including:

- + GHG emissions
- + Physical climate risk
- + Grid resiliency
- + Energy resource planning and transition climate risk

Accordingly, one of the foundational pillars of our Strategic Framework is our Sustainable Energy Plan, as described in [Our Approach to Sustainability](#).

The Sustainable Energy Plan seeks to promote projects, programmes and initiatives that present benefits for our

customers, the environment, the country and the Company. There is close alignment of the Sustainable Energy Plan to the execution of plans laid out in the [2017 Integrated Resource Plan](#) ("IRP") and the NEP. The 2017 IRP was conducted to determine the best mix of energy supply resources for current and future needs at the lowest reasonable costs to CUC and its customers. Through the 2017 IRP, the preferred mix reduced GHG emissions and included a mix of natural gas, wind, utility solar, distributed solar and energy storage. CUC intends to revise its IRP in 2023.

The Sustainable Energy Plan is organised in three sections:

1. **Design Development and Planning** – This category is for large projects or plans that will create regulatory frameworks for future projects.
2. **Project Execution** – These projects have approval to proceed and the targets are in place to measure their performance.
3. **New Service Development and Deployment** – These initiatives are to create new products or services to market to CUC's customers.

Examples of the key initiatives for each of the three sections designed to mitigate climate-related transition risks and capture opportunities, include:

Design, Development and Planning

- + [Utility Scale Solar and Storage Projects](#) – In October 2021, OfReg announced the adoption of a Renewable Energy Auction Scheme ("REAS") to solicit solar and wind power over the next decade. The REAS will allow the procurement of renewable energy at competitive prices while advancing the goals of the NEP and CUC's IRP. CUC will submit bids for utility solar projects under the REAS.

- + Natural Gas Procurement Strategy – CUC intends to convert a number of diesel fuel generators to operate on natural gas. The 2017 IRP recommends conversion to natural gas to reduce emissions and energy costs and stabilize energy costs. CUC plans to develop a procurement strategy to source natural gas by 2024.
- + Generator Lifecycle Upgrades - A number of diesel fuel generators will undergo a lifecycle upgrade and be converted to be capable of dual fuel operation. The life cycle upgrade will result in improved fuel efficiencies and thus reduced fuel costs.

Project Execution

- + Upgrade Streetlights - In 2018, the Company commenced a five-year project to replace over 7,000 high pressure sodium (“HPS”) streetlights with light emitting diode (“LED”) technology. To date, over 6,423 lights have been replaced. The LED lights use significantly less energy than the older HPS technology providing environmental and financial benefits. When completely replaced the project will save 3.8 million kWh’s of energy annually, the equivalent of 195,000 gallons of diesel fuel.
- Spinning Reserve Battery Project – CUC is in the process of finalizing a 20 MW utility scale battery energy storage system (“BESS”). The BESS will provide spinning reserve services to the grid, which will result in improved fuel efficiencies, reliability and provide stability for the expansion of intermittent distributed renewable energy capacity on the grid.



- + Purchase Electric Vehicles (“EV”) – During 2023 to 2027, the Company is aiming to replace 28 of its vehicles with EVs. The Company intends to lead by example to reduce GHG emissions. A move by the Company towards electrification of its light-duty cars, trucks and sport utility vehicles will help meet internal emissions reduction targets. CUC expects that these 28 vehicles will save approximately 12,000 gallons of fuel annually.

During the first quarter of 2022, CUC’s Manager of Fleet Services requested formal quotes from local automotive dealers for the purchase of EVs in 2022 and 2023. CUC has committed to purchase two hybrid trucks. The Company is reviewing the purchase of other light-duty vehicles. CUC also received written responses from local automotive dealers whom did not submit a formal response that those dealers are working to source EVs for CUC’s consideration in 2023.

In 2021, CUC formed an EV stakeholders group comprised of representatives from the relevant government agencies, authorised vehicle

dealerships and property developers to focus on promoting awareness and facilitating the electrification of vehicles in the Cayman Islands. This stakeholders group remains very active with quarterly meetings with a number of authorised dealers offering and servicing EV vehicles currently with plans for additional authorised dealers and additional sales of EVs planned over the next five years.

New Service Development and Deployment

- + Expand EV Chargers— CUC intends to lead in this area by facilitating greater availability of publicly-accessible Level 2 EV charging stations throughout Grand Cayman. The Company has installed a dual plug EV charging station at its North Sound Road Power Plant for employees to utilise. The Company will target high-traffic commercial properties, parking lots, apartments and condominiums. These charging stations will allow EV owners to charge their vehicle using a debit or credit card using a mobile app. The first phase of CUC-owned and operated charging stations are installed at Cricket Square, Cayman National Bank Ltd. (Elgin Avenue



branch) and A.L. Thompson's Home Depot. The increase in EV charging stations throughout Grand Cayman will reduce the anxiety customers may have on reaching their destination and aid those customers who are unable to privately charge and EV. CUC hopes that the increase in the availability of EV charging stations will promote EV uptake in Grand Cayman.

- + Additional examples of new services for our customers that will contribute to our climate change objectives can be found in [End-Use Efficiency and Demand](#).

The physical impacts of climate change were also identified as a key risk for the Company. See [Grid Resiliency](#) for details on our approach to mitigating climate-related physical risks.

In 2022, the Company is participating in a Fortis led project on Climate-Related Scenario Analysis. Fortis engaged an external advisor with expertise in TCFD and scenario analysis. The advisor will conduct scenario analysis workshops with CUC's management team and staff who are experts in their fields. The project will include a review of multiple future scenarios to identify physical and transition-risks and opportunities.

Risk Management

CUC conducts an annual facilitated Risk Workshop aligned with the annual strategic business planning process. Senior leadership from all departments discuss and rank key risks and identify any relevant new risks. Risks are then mapped to key corporate priorities to understand how they could impact the achievement of those priorities.

The Fortis led project on Climate-Related Scenario Analysis described above will be aligned with CUC's enterprise risk management ("ERM") process and support the identification of physical and transition risks and opportunities and enhance the integration of climate

-related risks into the Company's ERM process.

Metrics and Targets

Appendix A includes the KPIs used to monitor and assess our performance on climate change, including Scope 1 GHG emissions.

The Company is committed to reducing GHG emissions as per Fortis' target of 75% Scope 1 emissions reduction by 2035 (using 2019 as a baseline). At the end of 2021, Fortis has achieved 20% reduction of GHG emissions since 2019. Fortis also has a target of 50% GHG emissions reduction by 2030. The Cayman Islands NEP proposes 70% of energy generation from renewable resources by 2037 and 4.8 tCO₂e of GHG emissions by 2030 in accordance with the 2015 Paris Agreement .

The Sustainable Energy Plan described above has been developed to support the achievement of these targets. This plan seeks to promote projects, programmes and initiatives that present benefits for CUC's customers, the environment, the country and the Company.

Biodiversity Impacts and Waste Management

Preventing accidental spills and releases of hydrocarbons into the groundwater and soil is an important environmental priority for CUC given that the Company uses lubricating oil for its engines. CUC has developed a procedure that details the necessary steps in the event of a spill. All spills must be reported to the Environment, Health and Safety Department ("EHS") within 24 hours of occurrence. Each month EHS will report internally to management the amount of spills for the period. The number and volume of uncontained spills are included in CUC's Annual Corporate Targets. Each quarter, the targets and actual amounts are reported to the Governance and Sustainability Committee. The Company is required to report information on spills each quarter to



CUC employees watch as CUC's sponsored Green Sea Turtle Sparky makes her way to the ocean during the 2021 Turtle Release organised by the Cayman Turtle Centre.

OfReg. Spills in excess of six US gallons are required to be reported immediately to OfReg.

All of our renewable energy projects will consider the protection of Cayman's indigenous plants and wetlands. Environmental Assessments may be required to be performed prior to any construction.

Turtle Friendly Street Light Pilot Project

In 2018, CUC collaborated with the Department of Environment ("DoE") and the National Roads Authority ("NRA") on the Turtle Friendly Street Light Pilot Project. The pilot project facilitates the installation of turtle friendly lighting along ecologically sensitive areas of Grand Cayman's coast. These specially designed light fixtures reduce the disorientation experienced by hatching turtles. CUC is working with both the DoE and the NRA to reduce the amount of disorientation incidents by strategically placing these fixtures in areas where light pollution is high. In 2021, DoE expressed an interest to expand this programme as the pilot was successful.

Support for the Cayman Turtle Centre

In 2021, CUC co-sponsored the Cayman Turtle Centre's ("Centre") annual Turtle Release. Each year the Centre releases several turtles into the wild that were bred and reared at the Centre. Both hatchling turtles and turtles between one and two years (called head-starting) are released. Head-started turtle releases is a process to breed, tag and release turtles into the wild after undergoing a number of health and welfare checks. The turtle release programmes have led to the growth of the local wild population of green sea turtles.

Waste Reduction

The Company strives to reduce the amount of waste from operations. Vendors are requested to minimise packing materials and waste produced from our operations is minimised or recycled.

The Company recycles scrap metals consisting mainly of aluminum conductor, damaged transformers and aluminum and copper wires. In 2018, the Company purchased the Bulb Eater 3L Lamp Crusher ("BE3") to assist with the recycling of fluorescent bulbs throughout the facility as CUC continued to upgrade to more energy efficient lighting. The BE3 is able to crush fluorescent bulbs, u-tubes and CFLs into 100% recyclable material,

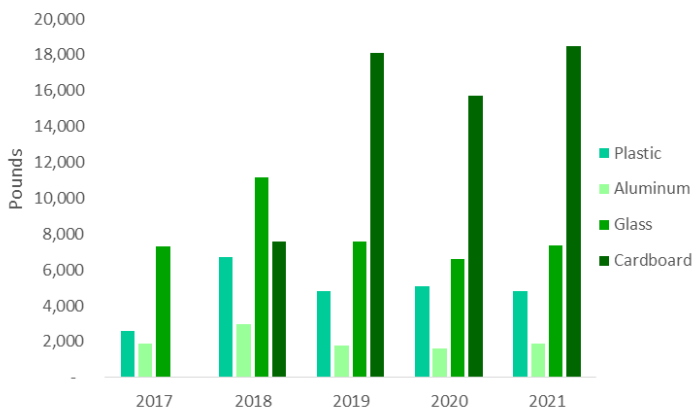
while capturing any vapors (including mercury) released from the bulbs, and keeping this material out of our local landfill. These items are shipped overseas for recycling.

The Company also recycles used oil and sludge. CUC has a contract with a local company to collect and dispose of Used Oil and Sludge. The used oil and sludge is taken to an approved facility for environmentally safe disposal.

In 2017, the Company introduced recycling of office plastics and glass, in addition to aluminum. The following year the Company began recycling cardboard. As of December 31, 2021, a total of 134,000 pounds of these products was diverted from the local landfill.

The reduction of paper waste is also ongoing within the Company. The Company encourages customers to go paperless and receive electronic copies of bills. To date, over 80% of customers have opted to receive electronic bills. The Board of Directors meetings operate with paper-free agendas which significantly reduces the amount of

Office Recycling



paper waste leaving the Company.

Waste Management Plans

CUC manages waste in compliance with ISO 14001. Waste management plans are based on the volume and nature of the waste and comply with applicable regulations.

In 2016, CUC installed a 2.7 MW steam turbine powered

through a waste recovery system. The heat that would have normally been lost through the conventional diesel generators is captured and converted to clean energy for customers.

Waste to Energy Facility

CUC has been working with the Government and its preferred bidder, DECCO Consortium, to develop technical and commercial aspects for the Energy Recovery Facility (“ERF”) component of Government’s Integrated Solid Waste Management System (“ISWMS”). CUC assembled a project team in August 2020. In 2021, CUC’s project team amassed more than 413 employee-hours in conducting an interconnection study and progressing power purchase and interconnection study agreements. The ISWMS’s objective is to deliver sustainable waste management, promote the international waste hierarchy (reduce, reuse, recycle, recover, dispose) and divert the majority of waste from being landfilled on Grand Cayman.

Air Quality

Exhaust emissions are significant environmental impacts for CUC. The Company’s EMS has an operating procedure for the specification of air quality requirements for new generating units. An air quality dispersion modeling of emissions is required to be completed prior to the installation of new generating units.

Water Management

The Company has a licence to extract ground water and another licence to discharge wastewater. CUC’s wastewater discharge comply with local environmental standards. Wastewater treatment and monitoring are managed through the EMS. There is automatic monitoring of the wastewater temperatures to ensure compliance with the licence. The Company also tests water samples to check the mineral content.

Energy Affordability

CUC serves over 32,000 customers throughout Grand Cayman. CUC seeks to proactively communicate with customers and meet their electrical service needs as identified via various forms of communication and feedback. In order to ensure continuity of service to customers, when assistance is needed CUC offers various payment options. Payments can be allocated over a longer term or a bill payment may be deferred to a later date. CUC also works closely with social assistance agencies to ensure swift and reliable service to those in need and makes special allowances where necessary.

CORE Programme

Customers want to be a part of the positive change in energy provision; renewable energy is an area with significant opportunity for positive impact where customers can be involved. To that end, CUC has designed the Customer Owned Renewable Energy (“CORE”) programme, which allows customers to install renewable energy sources and sell the energy output of the devices to CUC at an agreed upon rate.

Customer Satisfaction Survey

While CUC is proud of recent innovations and programmes, change is constant and the opinion of customers is critical to determine the way forward. To determine customers concerns and suggested areas for improvement, CUC issues a customer satisfaction survey twice a year to residential customers who comprise 86% of our customer base and once a year to commercial customers who comprise 14% of our customer base. The Company utilises the information gleaned from the surveys to determine areas that require streamlining and to assist with prioritization of projects that will benefit customers on both a large and small scale.

There is a strong link between [Energy Affordability](#) and [End-Use Efficiency and Demand](#) and many of the

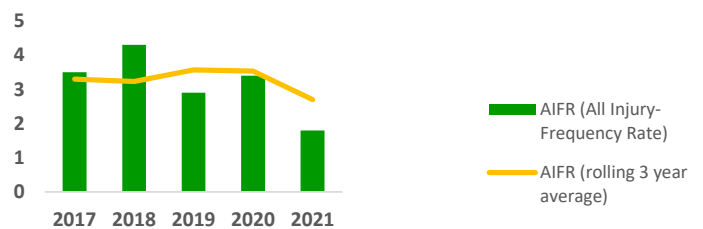
initiatives CUC has implemented to support customers in using less electricity via education and programmes to promote energy-saving also help customers reduce their energy bills. For more detail on these initiatives, see [End-Use Efficiency and Demand](#).

Health and Safety and Emergency Management

CUC is highly committed to ensuring the safety of employees, which is reflected in its Mission Statement and Principles of Conduct. As part of the commitment to safety, CUC adopted an occupational health and safety management system that parallels ISO 45001. Every employee at CUC is empowered to report potential hazards and concerns to the Company, as CUC believes all staff have a right to work in a safe and non-hazardous environment.

The All-Injury Frequency Rate

The All-Injury Frequency Rate represents the number of injuries for every 200,000 hours worked.



Contractor Health and Safety

On an annual basis, CUC hosts a contractor’s workshop to continue its commitment to safety. At this event, business representatives from other companies are invited to gather information from industry experts and learn more about CUC’s latest operating practices. These workshops have included sessions on personal protective

equipment, fall protection, hearing conservation, CUC's limits of approach to energised equipment, and traffic management.

Training and Disaster Preparedness

First Responder Training is hosted by CUC. Medical, police and fire service personnel attend this specialised training session that provides life-saving information for working around energised equipment and downed power lines. Prior to the COVID-19 pandemic, the First Responder Training was held each year. Going forward, the Company intends to host this training on an annual basis.

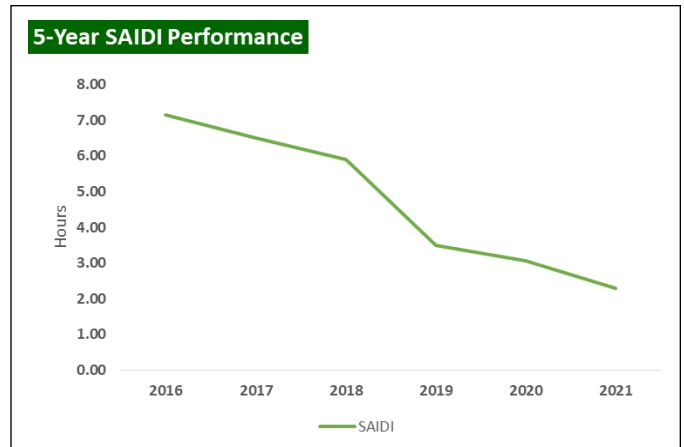
CUC's Emergency Preparedness Committee is one of the longest-standing committees within the Company, which oversees the Company's disaster preparedness, including hurricane relief efforts. This Committee ensures that the Hurricane Preparedness and Response Procedure is current and each year a drill is performed to ensure that all staff within the Company are informed of the necessary procedures in the event of a hurricane.

The Company also has a Business Continuity Plan to support business recovery and operation in the event of a disaster. The Plan is revised each year and testing of IT equipment is also performed. The plan covers scenarios such as not having access to the workplace and not having access to CUC's network.

Grid Resiliency

CUC recognises the need to provide its customers with a high level of reliability. CUC strives to provide North American levels of reliability despite the inherent challenges of operating a small, integrated island system. In 2016, the Company implemented a 5-year plan, Reliability 2.0 Plan, to reduce the average annual outage time per customer ("SAIDI") to 2 hours per annum. The initiatives embarked on over the past years have

drastically reduced SAIDI from a high of 7 hours to 2.3 hours in 2021.



The remaining initiatives under the Reliability 2.0 plan include: completion of two additional substation feeders, replacement of obsolete substation control equipment with the new supervisory control and data acquisition ("SCADA") system (described below), the installation of distribution automation and the development of a T&D asset management programme. The completion of the Reliability 2.0 Plan and the achievement of the SAIDI 2.0 hours target is anticipated to be achieved in 2023.

In 2022, the Company updated its Reliability 2.0 Plan to the Reliability and Resiliency Plan whereby 30% of the plan will focus on the resiliency of the power grid. Due to climate change, it is crucial for the power grid to withstand greater intensity and frequency of tropical storms and hurricanes, increased ambient temperatures, increased sea level rises and increased rainfall.

Undergrounding Transmission Lines

The Company has developed two projects to underground major transmission lines. One of these transmission lines runs from CUC's North Sound Road Power Plant to the Seven Mile Beach Substation and the other line runs from CUC's North Sound Road Power Plant to the South Sound Substation. These projects will

significantly improve restoration efforts and thereby reduce the restoration time of electrical services to the areas in the event of a significant hurricane. The Seven Mile Beach Substation line will also be an alternative route to feed a portion of the downtown George Town area in the event of storm damage. These projects would minimise damage to the transmission system in the event of a major hurricane and would also thereby reduce the system restorations costs at the expense of consumers. CUC will invest over \$22 million from 2022 to 2026 on these projects.

The electricity regulator has requested CUC to create a 20-year plan that details expectation for continued undergrounding and hardening of the grid to avoid risks and provide economic benefit to customers.

Updating the SCADA System

CUC's SCADA system is in the process of being updated. This control and monitoring system that was installed over 20 years ago is being updated to allow compatibility with current industry standard devices. The first phase of this project will be completed by 2023 with future phases planned to bring additional smart grid capabilities.

Vegetation Management

CUC has taken a proactive approach to Vegetation Management in recent years. The Company trims or removes trees that encroach on power lines to ensure system safety and reliability. Customers are advised of the most suitable location for planting trees around power lines. The Company has run various advertising campaigns to provide customers with tree planting tips.

In 2021, the Vegetation Management team assisted with the removal of fallen trees caused by Tropical Storm Grace.

Upgrading the Prospect Substation

In June 2022, the Company completed upgrades to the Prospect Substation. This upgrade included the transformation of a mobile substation, a single transformer, two distribution feeders and a single transmission line tap to an enclosed substation facility with two transformers, four distribution feeders and two transmission line interconnections. The increase in feeders will result in fewer customers being impacted by a single fault as there are now fewer customers per



The Prospect Substation was completed in June 2022 and will greatly assist with efficiency in the constantly expanding Prospect area.

feeder. The increase in feeder capacity will also serve as back up for the Bodden Town and South Sound Substations. The additional power transformer will enable this substation to supply power to approximately 13,000 homes in the Prospect area and adjoining communities. This upgrade will improve the reliability of this substation.

Cybersecurity

Cybersecurity is an increasingly important component of grid resiliency. CUC adheres to Fortis' Cybersecurity Risk Management Program ("CRMP"), which aims to establish a culture of security by improving the cybersecurity posture of subsidiaries through the sharing of information.

Through the CRMP, the Company identifies, measures, monitors and manages cybersecurity risks throughout the Company. CUC participates in cybersecurity meetings with other Fortis' subsidiaries. During these meetings, the companies share information, best practices and current security threats.

CUC requires employees to complete mandatory security awareness training on IT security topics on a monthly basis.

A report on cybersecurity is provided each quarter to CUC's Governance and Sustainability Committee.

Grid Modernisation

In addition to the grid resiliency projects described, the Company plans to modernise the grid over the next five years. The five-year grid modernization programme will leverage new proven technologies to provide cost efficiencies and reliability benefits to both customers and the Company. The technology will automate the operation of the T&D system when faults occur and will reduce crew time, labour costs and outage time. This will

result in a more efficient and effective means of operating the grid.

Human Capital Management

Our employees are our most valuable asset. The vision of CUC is to empower Cayman to be a global leader by empowering its people. The Company is a non-unionized, equal opportunity employer with a team of 239 full time employees dedicated to providing the best levels of customer service to every one of our customers.

In every aspect of our business, our values are at the heart of what we do and represent our core purpose, guiding how we put this purpose into practice and has become an integral part of our culture.

Attracting and Retaining Talent

The Company maintains a stable employee base of which approximately 85% are Caymanians. The remaining employees represent over 18 other countries from across the globe.

The Company has made significant commitment to offer scholarships to students for both local and overseas education. Since the inception of the scholarship programme, the Company has awarded over 59 scholarships. Seven scholarship recipients have progressed to the Managerial, Director and Executive levels at the Company.

The Company provides competitive salaries and various career advancement opportunities to attract and retain highly skilled employees. In addition, the Company invests in Power Line Technician apprenticeship and Institute of Leadership and Management ("ILM") and Fortis Leadership training programmes for employees.

Approximately 88% of current employees at the executive, director, manager, supervisor, and foreman levels have completed leadership training with the ILM.

ILM is an internationally recognised management training qualification. ILM collaborates with companies to deliver unique leadership and management training specific to each organisation. To ensure alignment, 100% of our senior management team have completed ILM Level 5 training.

Under the new Investors in People (“IIP”) framework, the Company was re-accredited with the IIP Gold level accreditation in August 2020 to recognise its commitment to its employees through training and development programmes, rewards and recognition, scholarships, and employee well-being.

The Company has collaborated with local schools to promote STEM Education with a focus of encouraging more girls and women to go into science, technology, engineering and math careers.

In 2021, the Company conducted a reorganisation exercise of management positions to adapt and be flexible to new growth opportunities. The reorganisation resulted in the creation of five Director level positions and four Manager level positions. This restructure will provide opportunities for career progression, development and employee retention as CUC aims to fill vacancies from within the Company.

Annual Performance and Development

CUC introduced a performance improvement approach called Energize Your Performance several years ago to improve individual and team effectiveness. This programme aims to improve employee’s accountability, accomplishment, and motivation by linking performance to key behaviours and initiatives and encouraging career progression, resulting in rewards and recognition or corrective action if necessary. CUC is committed to helping employees reach high levels of achievement through collaboration with their performance coach by setting goals, monitoring and reviewing progress

throughout the year, and providing regular feedback. The methodology of coaching and continuous feedback is the programme's foundation, allowing the Company to transition to a culture that encourages high performance and drives results.

A core component of succession planning is employee development, making it vital that future leaders are identified and nurtured within the Company. Consequently, the Company designed the Top Talent Programme (“Programme”) for exceptional performing employees to gain additional experience and exposure to leadership opportunities and to demonstrate their potential to manage and collaborate on projects. Employees in the Programme will participate in ILM courses, cross-train with other departments, and connect with internal mentors assigned to them.

The Programme has undoubtedly been successful in developing employees since its inception in 2016, with 116 employees having completed the Programme, many of whom were promoted to leadership positions. In 2021, seven employees were promoted, a testament to the quality of the Programme.

Employee Engagement

Employee Engagement is very essential, and for the past several years, this has been the one of the Company’s strategic initiatives, measured through the annual employee engagement survey. An external company conducts the survey and the results are shared with all staff. The Human Capital Committee supports the Human Resources Department in developing action plans to address or enhance initiatives to improve employee’s experience. The Company’s employee engagement score remains on par with industry standard.

Wellness Programme

The overall wellness of employees is very important to the Company. The Company invests heavily in the wellness of its employees programmes. The Company’s Tri-Wellness (body, mind and soul) Programme, led by the Wellness Champion Committee meets regularly to plan and execute various Wellness initiatives such as: on-site health checks, lunch and learn sessions on mental health awareness, financial wellness and physical health. The Company collaborates with its healthcare provider to promote alternative solutions to improving the health of our employees.

The Company’s Return-to-Work Committee supported employees through the COVID-19 pandemic, by providing timely updates to any changes in legislation affecting employees. Employees have access to 24-hour counselling services to assist employees and immediate family members. During 2020, “Mindfulness Monday”

e-mails were circulated to all staff, which provided tips and additional resources to all employees.

Women in Energy Conference

In 2021, CUC hosted the first Women in Energy Conference. Females from local utility companies were invited to this one-day conference. The goal of the conference is to promote women’s participation and leadership in utilities and provide an opportunity to network with females in the industry. The Company has plans to host this event each year.

Diversity, Equity and Inclusion (“DEI”)

In 2021, CUC continued to expand its commitment to a respectful and inclusive work place by renewing the local Gender Equality Cayman Pledge. The Company also remained involved with the Fortis Diversity and Inclusion



initiatives. In November 2020, Fortis established the DEI Advisory Council, which is comprised of executives from each Fortis utility. In March 2022, Fortis conducted an inaugural DEI survey of all employees in Canada and the Caribbean (US subsidiaries are already completing similar data annually). The information collected from these surveys will broaden the Company's understanding of the unique needs of all employees and will advance the DEI strategies.



Community Relations

Volunteerism

CUC encourages employees to volunteer in community projects for at least eight hours per annum. Each year the Company recognises the top five employees with the highest amount of volunteer hours recorded for the year.

In 2021, CUC's employees participated in numerous community programmes such as:

- + Meals on Wheels
- + George Town Primary School Cleanup
- + Lighthouse School Cleanup
- + Sunrise Adult Training Centre Thanksgiving Lunch and Movie Day
- + CUC Primary School Football League (Boys and Girls)
- + Cayman Islands Chamber's Earth Day Cleanup

Community Investment

The Company donates and sponsors various community projects. During the COVID-19 pandemic, the Company recognised the importance of community donations during the economic down turn as jobs were lost and businesses were severely impacted. In 2020, the Company provided much needed support to the community in the form of distributing supermarket

vouchers, delivering care packages for some of our front-line workers and donating laptops to the Ministry of Education for distribution to students for on-line learning.

CUC promotes training and development and awards various scholarships each year. Scholarships are awarded to students for advanced level (A level) high school, technical studies, associates and bachelors degrees. In 2021, the Company provided scholarships to five students for studies ranging from advanced level high school programmes to a masters degree.

End Use Efficiency and Demand

Promoting energy efficiency can have significant benefits for customers by improving the affordability of energy and for CUC by supporting reductions in GHG emissions.

CUC is committed to providing safe, reliable, and cost effective electricity to our customers. The Company is also committed to advocating for customers to experience the highest level of energy efficiency possible. CUC's President & CEO has lobbied the Government to implement minimum building efficiency standards that will equate to lower energy consumption by our customers. CUC plans to continue to advocate for energy efficiency and innovate for clean and affordable energy. Here at CUC, we make decisions with our customers in mind.

During the last three years, various customer-centered projects have been launched such as:

- + a prepaid electricity service, which allows customers to associate their consumption with costs in real time creating a greater understanding of electricity consumption.
- + The Advanced Metering Infrastructure ("AMI") meters allow CUC to offer a portal where customers can access their consumption in 15 minute increments and view their electricity costs incurred to date. The associated online platform, Customer

Connect, provides many tools to customers to improve the management of electricity usage. The 15-minute increments allow customers to view the time of day and to determine which appliances are consuming the most electricity. The improved knowledge aids in reducing bills and therefore reduce GHG emissions. AMI meters also reduce the environmental footprint of the Company as CUC employees no longer have to drive to each location to read the meters manually. The amount of time spent in vehicles, the distance traveled, and associated exhaust air emissions from the vehicles are all reduced.

- + In the Cayman Islands, air conditioning plays a major role in customers' electricity consumption. In 2021, CUC collaborated with the Government to offer a public energy efficiency campaign where the winner won an energy efficiency, home make over. The customer received energy efficient appliances, spray foam installation and higher efficiency air conditioning units. The winner, in June 2022, saw a 53% reduction in their energy consumption when compared to June 2021. This summer the customer's change in consumption will be highlighted to educate customers on energy efficiency.
- + At the end of 2021, CUC had deployed 200 newest generation Ecobee smart thermostats to employees and residential customers for a pilot project. Smart thermostats are an affordable means for customers to more effectively control cooling levels in their homes, thus reducing energy consumption. Since the smart thermostats are Wi-Fi connected, CUC can communicate with each to briefly adjust temperature settings to reduce customer demand during demand response events.

Additionally, the CORE Programme described above under [Energy Affordability](#) is another example of a programme that allows CUC to provide safe, reliable, clean and cost effective electricity to customers.

Business Ethics and Transparency

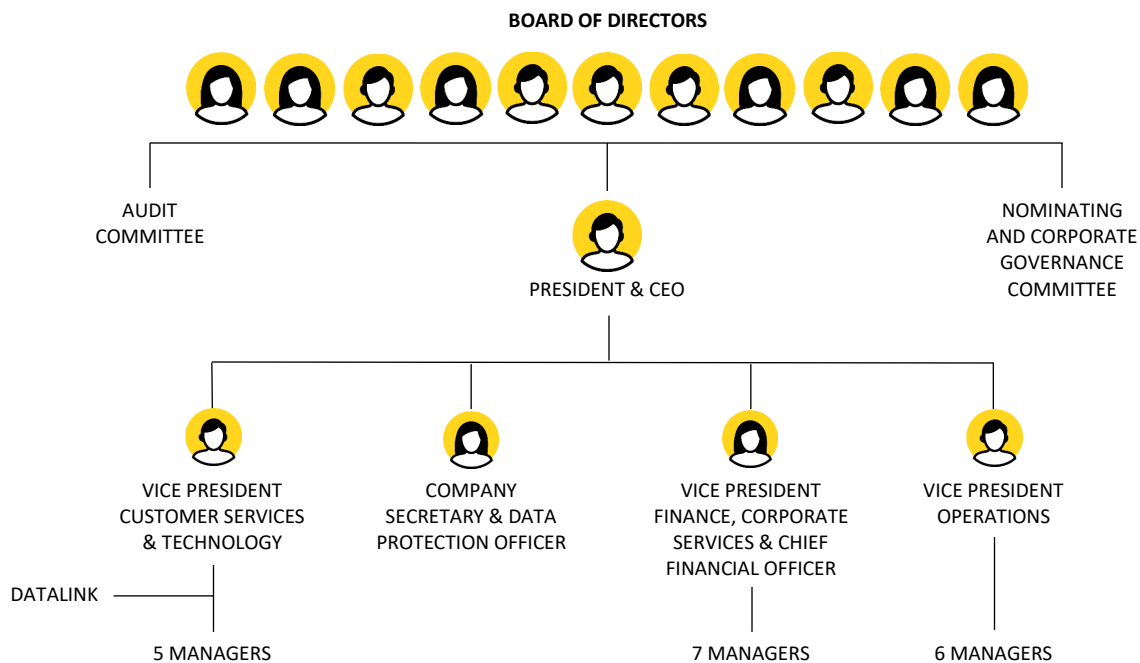
The CUC Board of Directors’ role is primarily to ensure effective leadership and provide oversight in several key areas, including strategy, leadership and succession planning, risk management and corporate governance. The Board focuses on customer needs, business objectives, strategic initiatives, and the regulatory regime.

The Board consists of a majority of independent directors, together with CUC’s CEO (for operating expertise), two CEOs and one CFO of Fortis’ subsidiary companies that are not directly related parties with CUC and an executive vice president of Fortis.

During 2021, CUC had two Board Committees to support the Board of Directors to ensure effective leadership and provide oversight of CUC: the Audit Committee and the Nominating and Corporate Governance (“NCG”) Committee. These two Board Committees consisted of a majority of independent and unrelated directors. Effective in May 2022, CUC introduced a third Committee and renamed the NCG Committee as the Governance and Sustainability Committee. The three current Committees of the Board are the Audit Committee, the Governance and Sustainability Committee and the Human Resources Committee.

The Governance and Sustainability Committee of the Board is responsible for oversight of ESG factors and is supported in this by CUC’s Vice President of Finance, Corporate Services and CFO, who has accountability for managing ESG factors.

Committee ⁵	Role	Independence
Audit Committee	Ensure integrity of financial information, the clarity in reporting and greater transparency in disclosure.	100%
Nominating and Corporate Governance Committee	Responsible for the development and enforcement of Board and Committee mandates, key policies, and guidelines relating to Company compliance with all corporate governance requirements including Board renewal and composition. The NCG Committee also has responsibility for the development and administration of the compensation programme for the Company’s senior officers and succession planning within the ranks of senior management subject to Board approval.	75%



⁵ Our next Sustainability Report will include details on the roles and independences of our updated Committees (as per May 2022).

In 2021, ESG topics were included in the director training sessions. The Board/NCG Committee received training on the following:

- + Governance
- + Enterprise Risk Management
- + Cybersecurity
- + ESG Strategy

Going forward, the Board and the Governance and Sustainability Committee will receive quarterly updates on ESG. In 2021, the Board approved the Company’s ESG strategy and roadmap for implementation. The Board also approved the 2022 Business Plan, budgets, metrics and targets, which included ESG specific items.

Business Ethics and Transparency

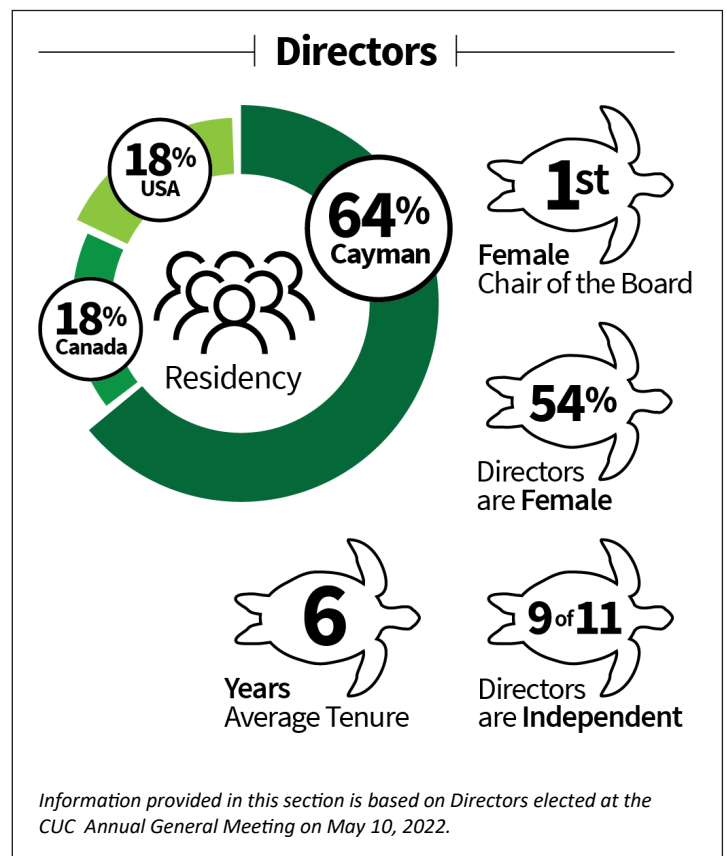
CUC has in place a [Code of Business Conduct and Ethics](#) (“Code”), which outlines our commitment to the highest standards of ethical business practice and conduct. Annually all CUC’s employees must certify that they have read and understand the Code along with other key governance policies. Employees and members of the Board of Directors must also confirm that they are not aware of any violations to this Code.

Other key governance policies include:

- + The Respect in the Workplace Policy, which outlines inappropriate behaviour and the course of action to file formal complaints.
- + The [Whistleblower Policy](#)⁶, which is in place to support reporting behaviour not aligned with the Code and other CUC policies. The Policy prohibits retaliation against any individual or group who reports and outlines a clear process for reporting incidents and investigation.

- + The [Anti-Corruption Policy](#) affirms CUC’s compliance with all applicable anti-corruption legislation and the Company’s continuing commitment to such compliance, by establishing rules and providing guidance for conducting business in accordance with such anti-corruption legislation. CUC has also adopted Anti-Corruption Procedures, which supplement the Policy and provide practice guidance on how the Policy is to be operationalized.

The Code and Anti-Corruption Policy are extended to contractors and require these contractors to confirm adherence to the Code prior to the commencement of any engagement.



⁶ In 2022, this Policy has been renamed to Policy on Reporting Allegations of Suspected Improper Conduct and Wrongdoing (the “Speak Up Policy”).

Appendix A: Performance Indicator Results

Description	2021	2020	2019
GHG Emissions and Climate Change			
Gross Global Scope 1 GHG emissions (in metric tons of CO ₂ Equivalent)	436,880	430,963	443,070
Installed generation capacity (in MW) Diesel	160.95	160.95	160.95
Electricity purchased by CUC and resold for customer use (in MWh) Solar	21.3	18.9	18.8
Energy Affordability			
Average retail electric rate for residential customers (US\$ per kWh)	\$0.31	\$0.27	\$0.31
Average retail electric rate for commercial customers (US\$ per kWh)	\$0.33	\$0.30	\$0.34
Typical monthly electric bill for residential customers for 500 kWh of electricity delivered per month (US\$)	\$154.68	\$135.83	\$154.57
Typical monthly electric bill for residential customers for 1,000 kWh of electricity delivered per month (US\$)	\$302.43	\$265.15	\$302.68
Number of residential customer electric disconnections for non-payment	3,066	3,034	4,576
Percentage of residential customer disconnections for non-payment that were reconnected within 30 days	94.4%	96.7%	95.5%
Health and Safety and Emergency Management			
Total recordable incident rate (TRIR) ⁷	2.2	3.4	2.9
Lost time injury frequency rate (LTIFR) ⁸	0.9	0.4	0.8
Fatality rate	0	0	0
All Injury Frequency Rate	1.8	3.4	2.9

⁷ Number of injuries including job transfers not requiring medical treatment for every 200,000 hours worked.

⁸ Number of lost time injuries for every 200,000 hours worked.

Appendix A: Performance Indicator Results

Description	2021	2020	2019
Grid Resiliency			
Number of incidents with non-compliance with physical and/or cybersecurity standards or regulations	0	0	0
System Average Interruption Duration Index (SAIDI ⁹), under normal operations	2.29	3.06	3.49
System Average Interruption Duration Index (SAIDI ⁹), inclusive of major event days	4.91	8.08	3.77
System Average Interruption Frequency Index (SAIFI ¹⁰), under normal operations	2.66	3.91	3.64
System Average Interruption Frequency Index (SAIFI ¹⁰), Inclusive of major event days	3.67	6.13	3.64
Customer Average Interruption Duration Index (CAIDI ¹¹), under normal operations	0.86	0.78	0.96
Customer Average Interruption Duration Index (CAIDI ¹¹), inclusive of major event days	1.34	1.32	1.04
Operations Indicators			
Financial Indicators			
Total value of assets (US\$ millions)	634.2	633.7	600.4
Percentage of total assets associated with energy delivery	48.3%	45.6%	45.6%
Percentage of total assets associated with electricity generation	37.8%	36.8%	39.6%
Percentage of non-renewable generation	100%	100%	100%
Percentage of renewable generation	0%	0%	0%

⁹ Customer hours of interruption per customer served.

¹⁰ Number of times that a customer experiences an outage.

¹¹ Amount of time required, in hours, to restore service once an outage has occurred.

Appendix A: Performance Indicator Results

Description	2021	2020	2019
Operations Indicators <i>(continued)</i>			
Customer Information			
Number of electricity customers	32,185	31,293	30,537
Percentage of residential customers	85.6%	85.5%	85.2%
Percentage of small commercial customers	14.1%	14.2%	14.4%
Percentage of large commercial customers	0.3%	0.3%	0.4%
Electricity Transmission and Distribution ("T&D")			
Total kilometres of electricity T&D lines	791	791	780
Percentage of distribution lines	89.8%	89.8%	89.6%
Percentage of transmission lines	10.2%	10.2%	10.4%
Air Quality			
NO _x emissions (in ktonnes)	8.47	8.35	8.59
SO ₂ emissions (in ktonnes)	0.004	0.004	0.004
Mercury emissions (in kilograms)	0	0	0
Particular matter (in ktonnes)	0.26	0.26	0.27
Water Management			
Groundwater withdrawn (in million cubic metres ("m ³ "))	28.04	28.04	28.04
Water consumed in electricity generation, covering significant use (in million cubic metres ("m ³ "))	0.02	0.01	0.01
Waste Management			
Total amount of hazardous waste manifested for disposal (in ktonnes)	0	0	0
Total amount of recycled hazardous waste (in ktonnes)	0.82	*	*

* The asterisks ("**") in the table indicate metric added in recent years and historical data is not available.

Appendix A: Performance Indicator Results

Description	2021	2020	2019
Operations Indicators (continued)			
Biodiversity Impacts			
Number of spills or releases with an associated fine	0	0	0
Corporate Governance and Business Ethics and Transparency			
Percentage of independent directors on the Board of Directors	83%	83%	76%
Percentage of directors with ESG skills and experience on the Board of Directors	58%	50%	46%
Percentage of employees that have received training on CUC's Code of Business Conduct and Ethics Policy	100%	100%	100%
Percentage of employees that have received training on CUC's Anti-Corruption Policy	100%	100%	100%
Board of Directors			
Percentage of female directors	42%	25%	23%
Age			
Percentage of directors under 60	50%	33%	38.5%
Percentage of directors 60 to 65	33%	50%	38.5%
Percentage of directors 66 and older	17%	17%	23%
Number of Employees			
Total number of employees	239	229	241
Employee¹² Diversity			
Percentage of male employees	80%	80%	80%
Percentage of female employees	20%	20%	20%

¹² An employee includes any individual who has a direct employment relationship with the Company as at December 31 of the calendar year.

Appendix A: Performance Indicator Results

Description	2021	2020	2019
Operations Indicators <i>(continued)</i>			
Management¹³ Diversity			
Percentage of male management	67%	64%	60%
Percentage of female management	33%	36%	40%
Executive¹⁴ Diversity			
Percentage of male executives	60%	60%	75%
Percentage of female executives	40%	40%	25%
Employees			
Percentage of male employees under 30	18%	19%	21%
Percentage of employees 30 to 50	55%	53%	51%
Percentage of employees over 50	27%	28%	28%
Average age of Employees	41.7	42.0	41.3
Management			
Percentage of management under 30	0%	0%	0%
Percentage of management 30 to 50	83%	73%	60%
Percentage of management over 50	17%	27%	40%
Executives			
Percentage of executives 30 to 50	60%	60%	75%
Percentage of executives over 50	40%	40%	25%

¹³ An employee is considered management if they hold the position of Manager or Director.

¹⁴ An employee is considered executive if they hold the position of Vice President, Senior Vice President, Executive Vice President or President and CEO.

Appendix A: Performance Indicator Results

Description	2021	2020	2019
Operations Indicators <i>(continued)</i>			
Turnover and Retention			
Average years of employment	12.16	12.74	11.32
Percentage of employees eligible to retire in 5 years	4.24%	6.41%	7.02%
Percentage of employees eligible to retire in 10 years	13.98%	8.97%	7.02%
Hiring			
Percentage of job vacancies filled by existing employees	65%	17%	28%
Percentage of job vacancies filled by new employees	35%	83%	72%
Percentage of job vacancies filled by males	65%	72%	88%
Percentage of job vacancies filled by females	35%	28%	12%
Community Relations			
Community Donations (US\$ thousands)			
Arts and Culture	11.9	21.4	30.5
Biodiversity	9.0	11.8	0
Education	186.2	192.1	163.6
Environment and Safety	10.9	7.3	7.0
Health and Wellness	63.3	112.6	195.6
Small Businesses	4.8	21.0	8.9
Social Development	12.8	0.6	15.6
Other ¹⁵	149.0	163.5	38.8

¹⁵ Includes COVID-19 community support in 2020 and 2021.

Appendix B: SASB Index

Electric Utilities and Power Generators

SASB Code	Accounting Metrics	Response
Greenhouse Gas Emissions and Energy Resource Planning		
IF-EU-110a.1	(1) Gross global Scope 1 emissions, percentage covered under (2) emissions-limiting regulations, and (3) emissions-reporting regulations	(1) 436,880 metric tons CO ₂ e (2) 0% (3) 0%
IF-EU-110a.2	Greenhouse gas (GHG) emissions associated with power deliveries	436,368 metric tons CO ₂ e
IF-EU-110a.3	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	GHG Emissions and Climate Change (pages 14 to 18)
IF-EU-110a.4	(1) Number of customers served in markets subject to renewable portfolio standards (RPS) and (2) percentage fulfillment of RPS target by market	(1) Not applicable (2) Not applicable OfReg has not imposed a regulatory mandate related to renewable energy. CUC is supportive of the objectives of the NEP and has implemented the Sustainable Energy Plan to support the achievement of these targets on a voluntary basis. For more details, see GHG Emissions and Climate Change (pages 14 to 18)
Air Quality		
IF-EU-120a.1	Air emissions of the following pollutants (listed in metric tons): (1) NO _x (excluding N ₂ O) (2) SO _x (3) particulate matter (PM ₁₀) (4) lead (Pb) and (5) mercury (Hg); percentage of each in or near areas of dense population	(1) 8,470 (2) 4 (3) 265 (4) 0 (5) 0 The Plant that emits the above air emissions is located in an industrial area in George Town, which has a population of 33,898

Appendix B: SASB Index

Electric Utilities and Power Generators

SASB Code	Accounting Metrics	Response
Water Management		
IF-EU-140a.1	(1) Total water withdrawn (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	(1) 28,040 thousand cubic metres (2) 20 thousand cubic metres
IF-EU-140a.2	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	0
IF-EU-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	Water Management (page 20)
Coal Ash Management		
IF-EU-150a.1	Amount of coal combustion residuals (CCR) generated, percentage recycled	Not applicable The Company does not utilise coal in Electricity generation.
IF-EU-150a.2	Total number of coal combustion residual (CCR) impoundments, broken down by hazard potential classification and structural integrity assessment	Not applicable The Company does not utilise coal in electricity generation.
Energy Affordability		
IF-EU-240a.1	Average retail electric rate for (1) residential, (2) commercial and (3) industrial customers	(1) \$0.31 per kWh (2) \$0.33 per kWh (3) \$0.30 per kWh
IF-EU-240a.2	Typical monthly electric bill for residential customers for (1) 500 kWh and (2) 1,000 kWh of electricity delivered per month (US\$)	(1) \$154.68 (2) \$302.43
IF.EU.240a.3	Number of residential customer electric disconnections for non-payment, percentage reconnected within 30 days	3,066 94.4%
IF-EU-240a.4	Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory	The following external factors can impact customer affordability of electricity: inflation rates, fuel costs, pandemic implications, climate change, infrastructure resiliency costs, employee retention costs and supply costs. For more details, see Energy Affordability (page 21) .

Appendix B: SASB Index

Electric Utilities and Power Generators

SASB Code	Accounting Metrics	Response
Workforce Health and Safety		
IF-EU-320a.1	(1) Total recordable incident rate (TRIR), (2) fatality rate and (3) near miss frequency rate (NMFR)	(1) 2.2 (2) 0 (3) 2.6
End-Use Efficiency and Demand		
IF-EU-420a.1	Percentage of electric utility revenues from rate structures that (1) are decoupled and (2) contain a lost revenue adjustment mechanism (LRAM)	(1) 0% (2) 0%
IF-EU-420a.2	Percentage of electric load served by smart grid technology	99.8% ¹⁶
IF-EU-420a.3	Customer electricity savings from efficiency measures, by market	CUC is not currently tracking customer electricity savings from efficiency measures and programmes. See Energy Affordability (page 21) and End Use Efficiency and Demand (page 28) for more details on CUC's programmes to promote customer efficiency.
Nuclear Safety and Emergency Management		
IF-EU-540a.1	Total number of nuclear power units, broken down by U.S. Nuclear Regulatory Commission (NRC) Action Matrix Column	Not applicable The Company does not operate any nuclear power units.
IF-EU-540a.2	Description of efforts to manage nuclear safety and emergency preparedness	Not applicable The Company does not operate any nuclear Power units.
Grid Resiliency		
IF-EU-550a.1	Number of incidents of non-compliance with physical and/or cybersecurity standards or regulations	0
IF-EU-550a.2	(1) System Average Interruption Duration Index (SAIDI) (2) System Average Interruption Frequency Index (SAIFI) (3) Customer Average Interruption Duration Index (CAIDI)	(1) Under normal operations: 2.29 hours Including major event days: 4.91 hours (2) Under normal operations: 2.66 Including major event days: 3.67 (3) Under normal operations: 0.86 hours Including major event days: 1.34 hours The following is the notable service disruption during 2021: On August 18, 2021, Tropical Storm Grace caused damage to infrastructure on the T&D network.

¹⁶ Represents the percentage of customers with AMI meters.

Appendix B: SASB Index

Electric Utilities and Power Generators

SASB Code	Accounting Metrics	Response
Activity Metrics		
IF-EU-000.A	Number of: (1) residential, (2) commercial, and (3) industrial customers served	(1) 27,552 (2) 4,535 (3) 98
IF-EU-000.B	Total electricity delivered to: (1) residential, (2) commercial, (3) industrial, (4) all other retail customers, and (5) wholesale customers (MWh)	(1) 361,605 MWh (2) 142,038 MWh (3) 151,807 MWh (4) 5,019 MWh (5) Not applicable The Company does not have any wholesale customers.
IF-EU-000.C	Length of transmission and distribution lines (km)	791 km
IF-EU-000.D	Total electricity generated, percentage by major energy source, and percentage in regulated markets (MWh/%)	657,919 MWh/100%
IF-EU-000.E	Total wholesale electricity purchased ¹⁷ (MWh)	9,814 MWh

¹⁷ Represents the amount of electricity purchased from the 5MW BMR Energy Solar Farm and excluded electricity purchased under the CORE and DER programmes.

Appendix C: TCFD Index

Category	Recommendation	Supporting Recommended Disclosures	Response
Governance	Disclose the organisation's governance around climate-related risks and opportunities	(a) Describe the board's oversight of climate-related risks and opportunities	GHG Emissions and Climate Change Governance (page 15)
		(b) Describe management's role in assessing and managing climate-related risks and opportunities	GHG Emissions and Climate Change Governance (page 15)
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	(a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	GHG Emissions and Climate Change Strategy (page 15)
		(b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	GHG Emissions and Climate Change Strategy (pages 14 to 18)
		(c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2C or lower scenario	In 2022, the Company is participating in a Fortis-led project on Climate-Related Scenario Analysis. Fortis Engaged an external advisor with expertise in TCFD and scenario analysis. The advisor will conduct scenario analysis workshops with CUC's management team and staff who are experts in their fields. The project will include a review of multiple future scenarios to identify physical and transition-risks and Opportunities.
Risk Management	Disclose how the organisation identifies, assesses, and manages climate-related risks.	(a) Describe the organisation's processes for identifying and assessing climate-related risks.	GHG Emissions and Climate Change Risk Management (page 18)
		(b) Describe the organisation's processes for managing climate-related risks.	GHG Emissions and Climate Change Risk Management (page 18)
		(c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	GHG Emissions and Climate Change Risk Management (page 18)

Appendix C: TCFD Index

Category	Recommendation	Supporting Recommended Disclosures	Response
Metrics and Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	(a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	GHG Emissions and Climate Change Metrics and Targets (page 18)
		(b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Appendix A: Performance Indicator Results (page 31)
		(c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	GHG Emissions and Climate Change Metrics and Targets (page 18)



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