

# EMERA STRATEGY KIT

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2021 Q1

## CEO MESSAGE

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Team,

Let's talk about strategy. It's a word we hear often and I know it can sometimes feel removed from our day-to-day work. When, in fact, it's your hard work every day that is driving our strategy forward. A good strategy starts and ends with a strong team.

These materials will help shape productive conversations about where we are headed as a business, our opportunities as an energy company in a rapidly changing world, how we will continue to grow and – most importantly – your role in making it all happen.

While we work in different locations and different parts of Emera, we are connected by our shared commitment to do the right things and to do them well.

Our strategy gives us shared focus: We're a team of experts leading the way to a cleaner energy future as we work toward our 2050 Net-Zero Vision. Every day, we're focused on safely delivering cleaner, affordable, reliable energy for our customers. Delivering for our customers drives predictable returns and steady growth for our investors, enabling us to reinvest in our teams, companies and communities.



**“It’s your hard work every day that is driving our strategy forward.”**

From a single utility in Nova Scotia, we’ve grown into an energy leader serving 2.5 million customers in six countries. As you know, decarbonization is central to our strategy and it has been driving growth and innovation at Emera for over 15 years. We have a great story to tell about our journey and our commitment to a more sustainable future. And we’re continuing our progress by sharing with our customers, communities and investors our clear, achievable goals and our shared vision to achieve net-zero carbon emissions by 2050.

I am grateful for the work you do every day that delivers for our customers and drives our growth. Let’s stay connected and keep talking as we advance our strategy together.

**Scott Balfour**  
**President & CEO, Emera**

Our strategy not only delivers for our customers, communities and investors today – it also helps us prepare for the energy future that is being shaped by what our customers want and three key trends facing our industry – decarbonization, decentralization and digitalization.



## WHAT IS OUR STRATEGY?

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**We're a team of experts leading the way to a cleaner energy future as we work toward our 2050 Net-Zero Vision.**

**Every day, we're focused on safely delivering cleaner, affordable, reliable energy for our customers.**

**Delivering for our customers drives predictable returns and steady growth for our investors, enabling us to reinvest in our teams, companies and communities.**



# OUR STRATEGY

Our world is changing quickly - and we're ready.

**The 3Ds:** Energy is essential to our customers, and their evolving needs are driving **decarbonization**, **decentralization** and **digitalization** trends.

**Environmental, Social, Governance (ESG)** commitments are core to our strategy and shape our culture of doing the right thing for our customers, investors, communities and each other.



## Our Strategic Priorities guide everything we do:

Always leading with **Health & Safety**

Driving **Innovation**

Advancing **Cleaner Energy** toward our **Net-Zero Vision**

Empowering our **Teams & Communities**

Enhancing **Reliability**

Never losing sight of **Affordability**

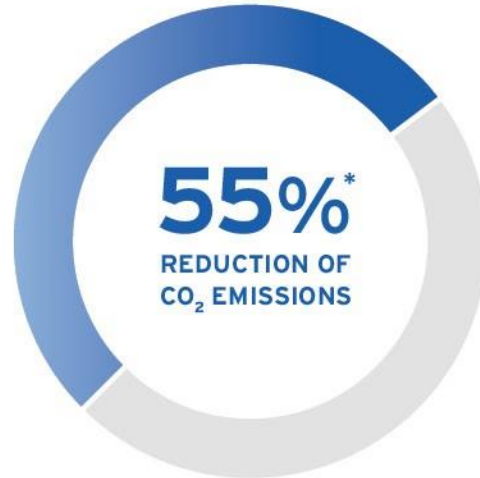


# OUR CLIMATE COMMITMENT

Since 2005 we've reduced CO<sub>2</sub> emissions by 39% and coal use by 68%

By 2023 we'll reduce our coal use by at least 80%

## 2025 GOAL



## 2040 GOALS



## 2050 VISION



### How we'll get there

We'll seek to achieve these goals and realize our net-zero vision by adopting emerging technologies and working constructively with policymakers, regulators, partners, investors, and our communities. All while staying focused on enhancing reliability and never losing sight of affordability for our customers.



Investing \$4.7B+ in cleaner and reliable energy (2021 - 2023)

Coal Reduction | Renewables & Low-Carbon Energy | Transmission | Customer Solutions  
Batteries | Smart Grids | Microgrids | EVs | Emerging Technologies

\*Measurements as of December 31, 2020.

CO<sub>2</sub> emission measurements are compared to 2005 levels.

Reductions in coal use are measured as a percentage of GWh generation

## OUR WORLD

Our world is changing quickly – and we're ready. Energy is essential to our customers, and their evolving needs are driving decarbonization, decentralization and digitalization.

The **3D trends** – decarbonization, decentralization and digitalization – are key drivers of change that are reshaping our industry. Other drivers include:

- Evolving investor expectations
- Changing policy and regulatory environments
- New technologies and competitors
- Growing focus on environmental, social and governance (ESG) value

At Emera, we see opportunity in change. It's what drives us to innovate and find the best ways to keep delivering for our customers and investors.

Our resilience has been critical to our growth and it will continue to be an important part of how we work toward achieving our *Climate Commitment*.

## WHAT ARE THE 3Ds?

1

### Decarbonization

Making energy cleaner by reducing the amount of carbon and other greenhouse gases emitted during energy generation and delivery.



2

### Decentralization

Shifting from centralized assets (such as large generation plants) to more distributed energy grids.



3

### Digitalization

Using technology to deliver better customer experiences, make our operations smarter and our work more efficient.



## OUR STRATEGIC PRIORITIES

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A key part of delivering on our strategy is aligning on our Strategic Priorities to help guide everything we do.

### Always leading with **Health & Safety**

Health and safety are always our top priorities in everything we do. Our personal commitments, strong safety culture and the Emera-wide Safety Management System drive our journey to world-class safety.

### Never losing sight of **Affordability**

We are disciplined in managing costs and ensuring we balance all our investments in cleaner energy and reliability with customer affordability.

### Advancing **Cleaner Energy** toward our **2050 Net-Zero Vision**

We're investing in renewables and lower-carbon energy to drive progress on our decarbonization goals and net-zero vision – our Climate Commitment.

### Driving **Innovation**

We're finding new ways to deliver the best experience and value for customers with fresh approaches, new technologies and decentralized and digital solutions.

### Enhancing **Reliability**

As an essential service, we are relentlessly focused on keeping the electricity and gas flowing. We enhance and invest in strengthening our systems so energy is always available when customers need it.

### Empowering our **Teams & Communities**

We believe in building strong, diverse and inclusive teams and communities. We strive to be an Employer of Choice everywhere we work and to make a meaningful impact in our communities.

## OUR TEAM



We're a team of experts leading the way to a cleaner energy future with a shared vision to be Net-Zero by 2050. Our strategy connects us, giving us a common focus, direction and alignment through our strategic priorities.

We strive to be an Employer of Choice because we want to attract and retain the best people to be part of our safe, diverse and high-performing team.

### Operating company teams

Many of us work in one of Emera's operating companies (opcos) – our regulated electric and natural gas utilities, pipeline teams and energy marketing and services groups. These teams focus on the many ways we deliver for customers – through energy generation and delivery, customer experience, building and managing key relationships and delivering essential team support services.

### Corporate teams

Corporate teams in Emera Inc. – our holding company – focus on how we deliver for our investors through building relationships, maintaining strong governance, overseeing safety and other priorities, maintaining financial discipline and providing corporate services.

### Supporting governance & tools

While everything we do is driven by our strategy, our team is guided by the strong oversight of our corporate and operating company Boards of Directors, and supported by our Balanced Scorecards, Leadership Competencies and Emera-wide policies and practices.

## STRATEGY IN ACTION

- We're on a journey to world-class safety, continually enhancing our Safety Management System and strengthening our safety culture
- We're rolling out an Emera-wide Inclusion & Diversity Strategy, drawing on existing best-practices in our companies
- We're focused on innovation to deliver customer value faster, empowering our teams through our digital and people strategies to explore new ways of working and new technologies





## CUSTOMERS



Every day, we're safely delivering cleaner, affordable and reliable energy for our customers.

### Health & Safety

Health and safety are always our top priorities in everything we do. We need to take care of each other – and our customers and communities – so we can continue to deliver the energy our customers count on.

### Cleaner Energy

We're leaders in decarbonization and plan to do even more through our *Climate Commitment* goals and net-zero vision. We'll continue investing in renewables, lower-carbon energy, transmission, and technologies and infrastructure that enable access to decentralized sources of cleaner energy, like microgrids.

### Reliability

Energy is essential to our customers, so we're committed to maintaining and strengthening our systems. We'll also keep investing in technologies like smart meters, EVs and batteries to enhance reliability.

### Affordability

Our cleaner energy and reliability investments are always balanced with affordability – which is why we're disciplined in managing our costs and finding the best value for our customers.

### Innovation

By developing new approaches, adopting new technologies and decentralized and digital solutions, we'll drive innovation that keep us delivering for customers.

## STRATEGY IN ACTION



- We've reduced CO<sub>2</sub> emissions by 36% Emera wide since 2005, and are on track to achieve a 55% reduction by 2025



- We successfully delivered the \$1.7B Maritime Link transmission project to enable regional access to clean energy



- 60% of our 2021-2023 capital spend is focused on cleaner and more reliable energy initiatives – including Florida solar, Big Bend Modernization and NS hydro renewal
- We're investing in 1.4M smart meters for customers across our electric utilities.

## INVESTORS



Delivering for our customers drives predictable returns and steady growth for our investors.

Our investors are retirees, neighbours, financial experts and our colleagues. They count on the financial stability of regulated energy providers like Emera, trusting us to invest their money in ways that create value for our customers *and* for them. Increasingly, they count on us to share progress on our Environmental, Social and Governance (ESG) commitments too.

To create value for our investors, we focus on:

### Dividend Growth

Dividends are the share of our earnings we return to investors on a regular basis in exchange for their ongoing investment. We aim to grow the value of our dividend by 4-5% through to 2022.

### Earnings and Cash Flow Growth

Our rate base is the regulated assets on which our regulated utilities earn a set rate of return. Rate base growth drives earnings and cash-flow growth, supporting dividend growth. We aim to deliver 7.5-8.5% compounded annual rate base growth through to 2023.

### Disciplined Capital Allocation

Investors trust us to make prudent decisions on how we use the money they invest in our business. We aim to balance the ongoing growth and diversity of Emera's portfolio of companies and investments to achieve financial targets.

### Balance Sheet

Investors make decisions about who to invest in or lend money to based on ratings from organizations like Moody's and S&P Global. We are committed to keeping our investment grade ratings by maintaining a strong balance sheet with the right mix of equity (shares) and debt.

## STRATEGY IN ACTION

- We've delivered 8% growth in dividend per share over the last five years
- We have a \$7.4B+ capital investment plan to drive rate base growth through to 2023
- We constantly evaluate our portfolio to ensure our balance sheet is strong and we're investing in areas that can create long-term growth
- We're sharing our progress on our ESG commitments each year in our Sustainability Report, through updates we provide to ratings agencies and in our investor meetings



# GROWTH & REINVESTMENT



As we grow, we reinvest in our companies and communities.

Our growth is primarily focused on regulated investments in North American markets.

## Ways we grow Emera

### Organic

Investing in our existing companies and assets through investments in rate-base projects that drive value for our customers



### Regional Adjacency Initiatives

Investing in large infrastructure projects and other opportunities that complement our existing companies and assets



### Mergers & Acquisitions

We're always open to acquiring new companies that align with our strategy and can deliver growth



### Green Shoots

Exploring the energy future outside our core utilities to create customer value faster through new ways of working and new technologies



## STRATEGY IN ACTION

Our \$7.4B+ capital plan is focused on organic growth

We built the \$1.7B Maritime Link and are advancing discussions on the Atlantic Loop – a regional transmission project that would secure even more clean energy for Atlantic Canada

Our \$10.4B USD TECO acquisition made us one of the largest North American regulated energy utilities and allows us to operate in Florida – a high-growth market

Teams at Emera Technologies, Grand HVAC and Energy Impact Partners are finding new ways to deliver customer value in the future

# THANK YOU

Your team's hard work every day  
drives our strategy forward.

# LEARN MORE

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