

## Introduction

Central Hudson Gas & Electric (Central Hudson or the Company), a subsidiary of Fortis Inc., is committed to the transition to a low carbon and sustainable future for our customers and communities. New York State (NYS) has set forth climate goals that are among the most ambitious in the nation, calling for an 85% reduction in greenhouse gas emissions across all sectors of the economy by 2050. Fortis Inc. adopted a corporate-wide 2050 net-zero direct emissions goal, with interim targets to reduce greenhouse gas emissions 50% by 2030 and 75% by 2035. Furthermore, Central Hudson is taking a leading role in reducing emissions in the mid-Hudson Valley through investments in programs like beneficial electrification (i.e., investments in electric vehicles and infrastructure and heat pump installations), grid modernization and reinforced infrastructure in support of renewables, energy efficiency and battery energy storage system (BESS) interconnections. We continue to seek opportunities to update and modernize our operations as we adapt to an evolving cleaner energy landscape while building towards a more sustainable future.

## Governance

Central Hudson's purpose statement and core values, shown at the end of the template, reflect our commitment to the safety and welfare of customers, employees, and other stakeholders. Sustainability considerations are integrated in our governance structures and included in strategy, planning, operations, and performance management processes. Through these processes, we ensure that sustainability and corporate responsibility are embedded in our corporate culture and business plans. In addition, formal committee structures and our Code of Business Conduct and Ethics facilitate accountability to these responsibilities across the organization for all employees.

## Strategy

Central Hudson's strategy is to provide exceptional value to our stakeholders by:

- Modernizing our business through electric and natural gas system investments and process improvements;
- Continuously improving our performance while maintaining cost effective, efficient, and secure operations;
- Advocating on behalf of customers and other stakeholders; and
- Investing in programs and employee development to position the organization for continued success in the future.

## Business Environment

The energy industry is rapidly evolving and is addressing the demand for a cleaner energy economy. To meet the demands of customers, investors, environmental groups, credit rating agencies, and others, NYS implemented climate change policies like the Climate Leadership and Community Protection Act (CLCPA). The CLCPA has established ambitious goals including 100% zero-emission electricity generation by 2040 and reduction in greenhouse gas emissions to at least 85% below 1990 baseline levels by 2050 to achieve widescale carbon neutrality. As Central Hudson is aggressively investing in projects and initiatives to meet the goals laid out by the CLCPA, we will undoubtedly face challenges such as maintaining energy affordability and reliability while modernizing our infrastructure. Central Hudson

has developed four principles as a guide to an orderly transition to maintain energy affordability, support economic growth, and retain a dependable and reliable energy system. These principles are:

1. The electric power grid must meet Customer's energy needs at all times;
2. Customer's livelihoods must be enhanced, not harmed by this transition;
3. Central Hudson must reduce emissions at the lowest-possible cost;
4. All emission reduction solutions should be considered.

Central Hudson appreciates our responsibility to follow sound environmental, social, and corporate governance standards. Central Hudson is actively committed to a cleaner energy future by supporting NYS's energy policies and goals while continuing to provide reliable, resilient, and affordable power. Central Hudson is making investments in infrastructure, technologies, and programs that cost-effectively reduce carbon emissions by:

- Upgrading electric transmission and distribution lines, including support for statewide transmission upgrades to deliver renewable energy sources to areas of high electric demand including the Hudson Valley and metropolitan area, and investments in the regional electric distribution system to facilitate greater levels of locally sited renewable generation;
- Pursuing the lowest cost approach to emission reduction by examining current incentives to determine which offer the highest value in lowering emissions;
- Integrating natural gas benefits, utilized for fast-start electric generation, to complement intermittent renewable resources and as a lower-carbon alternative to petroleum-derived fuels used in heating and manufacturing to reduce overall carbon emissions;
- Expanding energy efficiency programs, the most cost-effective method to reduce emissions; and
- Advancing environmentally beneficial electrification, for example, promoting electric vehicles and heat pumps to lower emissions from the transportation and building heating sectors.

## Risks and Opportunities

The Company's process for assessing the internal and external environments includes collecting feedback from the board, executives, and managers across the organization. The internal and external assessments serve as the basis for a SWOT analysis. Enterprise risk assessments supplement the strategic planning process and are a routine activity of the Company's risk management function.

Central Hudson has policies, procedures, and controls in place to address risks, including climate change. Climate change priorities and past weather events have helped identify vulnerabilities and impacts on our present-day infrastructure, system design and specifications. These areas of impact have helped provide opportunities for Central Hudson to prepare and meet future power needs. We have strategic collaborations with companies to explore up and coming technologies that contribute to our goal of being connected and transparent with our customers. We have been expanding our Emergency Response and Outage Management System to address the data requests during a climate event to meet the demands of an increasingly digital world. Additionally, as infrastructure is added, upgraded, or replaced, careful considerations are given to risk, reliability, and resiliency. The Company maintains a proactive stance through hardening the infrastructure for future storm events while being reactive when a climate event occurs and being prepared to implement our recovery strategy when needed.

Following significant storm restoration efforts, an internal debrief meeting is held to discuss any potential opportunities with a mindset toward continuous improvement.

Central Hudson has been and continues to be focused on investing to enhance the safety and reliability of our natural gas system. Strategic initiatives have been implemented to ensure the transformation of the natural gas business continues to meet the clean energy goals of the State. There are Company-wide efforts to reduce the total methane leaks through the elimination of leak prone pipe, as well as the repair of existing leaks, which will be a key step in reducing distribution system emissions. In addition, the Company is investing in feasible research and development projects to improve the detection of methane to drive safer and more efficient leak management, as well as improve sustainability.

To support the realization of a compliant, sustainable natural gas future, the Company relies on exceeding established key performance indicators (KPIs) to reduce the Company's pipeline and public safety risk. The integration of a proactive compliance and auditing pipeline safety management system has been critical to supporting Central Hudson's goal to establish an end-to-end safety framework for pipeline operators. The mitigation of greenhouse gases, including methane, and maintaining a sustainable future will ultimately be a shared responsibility of every employee from entry level up to the Chief Executive Officer as Central Hudson's ESG strategy is developed and launched.

Operational risks are not the only areas that the Company is addressing. Central Hudson recognizes the importance of our employees and dedicates substantial efforts to attracting, developing, and retaining a diverse, equitable and inclusive workforce. We want our employees to know that their individual input and contributions are valued. The recognition of an employees' value is essential to ensuring the achievement of shared goals. Our internal labor forces include both unclassified employees and employees covered by collective bargaining (Union) agreements to address certain aspects of the Company's operations. In addition, we work with many outside firms to obtain additional resources to supplement our internal forces to address fluctuations in certain aspects of the Company's operations, including contact center overflow, storm restoration, capital construction, tree trimming, and other field operations. We strive to maintain good relationships with both our union and suppliers of contracted services.

Safety is of the utmost importance for our employees, and we recognize safety to be a priority for our Company. We strive for continuous improvement in everything we do, including safety, and have devoted resources including external consultation services and collaboration with our Union on a grass roots effort to improve our safety performance and culture.

### Plans and Progress

Central Hudson continues to move forward with our transition to a low carbon future and meet the requirements of the CLCPA. A cross functional team has been created and tasked with addressing sustainability and ESG tasks. To help guide efforts, Central Hudson recently completed a Sustainability Priorities Assessment with the support of the Electric Power Research Institute (EPRI) to understand and articulate the sustainability priorities most important to the Company and its stakeholders. As we continue to expand and refine our overall ESG/Sustainability strategy and plan, the development of targets will help guide our actions and focus in support of our objectives and stakeholder desires. While climate change remains a risk for Central Hudson, it also presents new business opportunities that leverage the Company's existing systems and core competencies.



*Together We Power Endless Possibilities*



***We Never Compromise On Safety***

Nothing matters more to us than protecting the health and safety of our customers, employees and business partners. Our pursuit of safety is relentless.



***We Value Our People***

We promote employee growth. Our success is driven by the collective energy, integrity and contributions of all. We encourage diverse perspectives and create an inclusive workplace where everyone can thrive.



***We Put the Customer First***

We are committed to providing customers the essential services they rely on every day. We strive to make the customer experience proactive, easy and personalized in every channel and interaction.



***We Aim For Excellence Every Day***

We are energy delivery experts. We take pride in working hard and doing it the right way. We drive innovation to provide our customers with reliable service they can depend on.



***We Put Energy Into Our Communities***

We make our communities stronger by nurturing local partnerships and giving back to the places we proudly serve. We actively support a clean and sustainable future through our respect for the environment.