



A FORTIS COMPANY

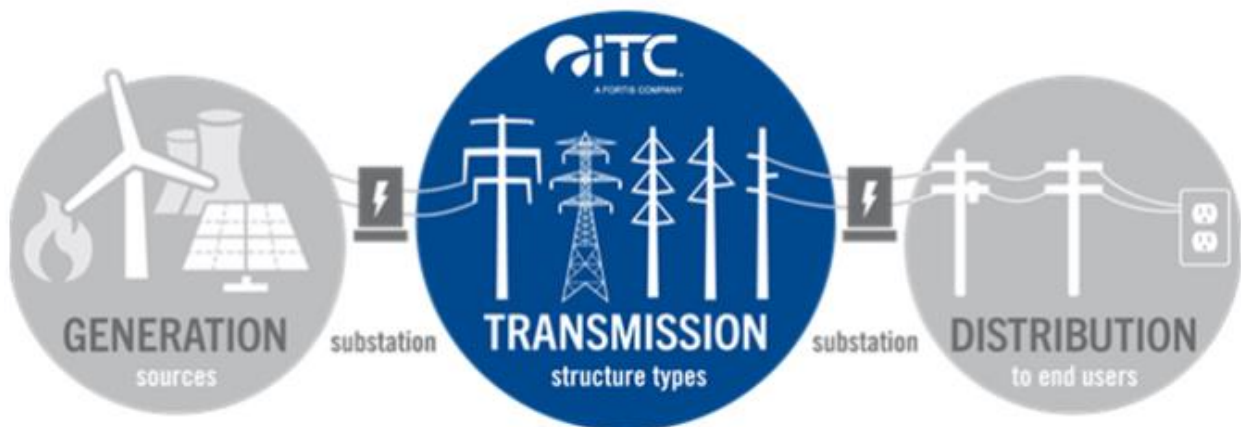
GREEN BOND FRAMEWORK

(June 18, 2021)

1. ITC HOLDINGS CORPORATION AND OUR SUSTAINABILITY STRATEGY

1.1 COMPANY OVERVIEW

ITC Holdings Corp. (“ITC”) is the largest independent electricity transmission company in the United States. ITC is a wholly-owned subsidiary of ITC Investment Holdings. Fortis owns a majority indirect equity interest in ITC Investment Holdings, with GIC holding an indirect equity interest of 19.9%. ITC provides safe and reliable electric transmission service to connect consumers to cleaner and more cost-effective energy resources. ITC is making investments in a modernized grid to maintain reliability and accommodate future demands as our economy and lifestyles become increasingly dependent on electricity. We are actively involved in planning an integrated energy network to serve our customers, communities and the greater grid. ITC’s business strategy, through its regulated operating subsidiaries, ITC Transmission, Michigan Electric Company (METC), ITC Midwest and ITC Great Plains, is focused on owning, operating, maintaining and investing in transmission infrastructure and grid solutions to enhance system reliability, protect critical infrastructure, reduce transmission constraints, interconnect new renewable generation resources, expand access to electricity markets and lower the overall cost of delivered energy. ITC owns and operates high-voltage transmission infrastructure in Michigan, Iowa, Minnesota, Illinois, Missouri, Kansas and Oklahoma, and in development in Wisconsin. ITC is based in Novi, Michigan.



Power flows to people through a three-part system: from power plants and other sources where electricity is generated; through transmission lines that carry the power at high voltages over long distances; and finally, into smaller, local wires known as distribution lines that bring electricity into our homes and other buildings. At ITC, we build, operate and maintain the high-voltage transmission infrastructure that holds this three-part system together, moving power from where it’s generated to where it’s needed – acting much like the country’s network of highways.



Our company's sole focus on electricity transmission (we don't own generating plants or purchase or sell electricity in the energy markets) gives us a unique, neutral view of the electric grid and its current and future needs. We are actively involved in planning an integrated energy network to serve our customers, communities and the greater grid.

1.2 OVERVIEW OF COMPANY SUSTAINABILITY STRATEGY

ITC'S ENVIRONMENTAL PHILOSOPHY

ITC strives to minimize the environmental, health and safety risks to our employees and the communities in which we operate through safe technologies, facilities and operating procedures, and by being prepared for emergencies.

We will safely, effectively, and responsibly manage properties, materials, emissions, and wastes in ways that are both responsible and environmentally sound through appropriate due diligence. When feasible we will:

- Purchase and use environmentally preferable materials, products and services
- Eliminate or reduce emissions and wastes at the source
- Properly store, handle and dispose of all wastes
- Pursue opportunities to recycle and reuse waste materials
- Communicate ITC's sustainability measures and pollution prevention technology, knowledge and methods with business partners and the public
- Encourage responsible use of energy

ITC is investing in a 21st century power grid to improve reliability, expand access to markets, lower the overall cost of delivered energy and allow renewable generating resources to interconnect to our transmission systems. In the course of our daily work, ITC integrates a sustainable approach to the environment, enabling us to contribute to the well-being of the communities we serve.

This ethic begins in our workplaces and extends to building, operating and maintaining our transmission systems.

OUR COMMITMENT TO ENVIRONMENTAL SUSTAINABILITY

Environmental Management System: Our environmental stewardship activities are driven by an ISO-14001-based environmental management system across our operations.

STEWARDSHIP AT WORK

Our commitment to the environment starts with our employees, who have embraced waste reduction, conservation and habitat projects across ITC. In the course of our daily work, ITC integrates a sustainable approach to the environment, enabling us to contribute to the well-being of the communities we serve.

MANAGING INVASIVE SPECIES AND PROMOTING NATIVE VEGETATION

Responsible management of the natural space under and around transmission corridors can accomplish more than the main objective of maintaining safe and reliable electric service. This work can result in diverse, stable, natural greenways where grasses, wildflowers and low-growing shrubs thrive, and with less environmental disturbance. ITC's environmental team has developed protocols for reducing the potential spread of invasive species and for managing invasives should they become established in our transmission corridors.

WASTE REDUCTION

Following a waste audit conducted at our facilities, ITC identified items suitable for recycling and reuse at ITC's headquarters, regional offices and warehouses. One outcome from this initiative is that ITC recycled 47% of the waste generated at its headquarters in 2019.



FUEL CONSERVATION

ITC introduced a fleet vehicle idling policy to reduce fuel consumption and therefore lessen air emissions and natural resource consumption, saving an estimated 22,000 gallons of fuel and reducing air pollutants by 12.5 tons annually.

ITC WAREHOUSE RAIN GARDENS

ITC has installed rain gardens at three warehouses in Iowa and Michigan to help address the environmental issue of storm water runoff. Precipitation runoff from urban rooftops, driveways, yards and streets can carry pollutants directly to rivers and streams without any treatment. The rain gardens are designed with plants and loose fill to absorb approximately 4,000 gallons of rain runoff.

POLLINATOR HABITAT CREATION AND RESTORATION

Pollinators play a role in more than one-third of the world's crop production. ITC is restoring and converting portions of its transmission corridors and other properties to native grasses and forbs, with an emphasis on providing a habitat for pollinators such as butterflies, bees and birds.

STEWARDSHIP STARTS AT HOME

ITC's award-winning Novi headquarters campus encompasses 92 acres featuring a naturalized transmission corridor, diverse woodlands, open green space, wetlands, a nature trail and a large pond. We maintain these grounds under sustainable environmental principles involving employees and the local community through educational outreach programs.

Our employee-led Green Team hosts a number of environmental initiatives, including the Great Backyard Bird Count to track migratory patterns and trends across the U.S. for the National Audubon Society, and the Michigan Vernal Pool Project to observe the wildlife and vegetation occurring in and near the vernal pools onsite. Other habitat projects at ITC's headquarters include the installation and maintenance of a corridor demonstration garden and pollinator gardens planted with native species, invasive species removal, monitoring of bluebird nesting boxes and bat roosting boxes, installation and monitoring of wildlife trail cameras, and annual flora and fauna surveys.

We have a longstanding relationship with the Wildlife Habitat Council (WHC) to promote environmental stewardship at our headquarters. ITC holds 15 WHC Conservation Certifications for programs in Michigan and Iowa. Our efforts garnered the 2015 Pollinator Advocate Award from the WHC. The award, presented in collaboration with the North American Pollinator Protection Campaign, recognizes ITC's land management practices to support birds, bees, butterflies, moths and bats around its headquarters and through community partnerships.

PLANNING AND CONSTRUCTING TRANSMISSION

When planning transmission projects, we include environmental assessments and apply best practices for wetlands, threatened and endangered species and other sensitive habitats. By incorporating these factors in the beginning, we can adjust the placement or timing of construction to avoid or limit the environmental impact.

OPERATING AND MAINTAINING TRANSMISSION

Responsible management of the natural space under and around transmission corridors accomplishes more than the main objective of maintaining safe and reliable electric service: This



work results in diverse, stable, natural greenways where grasses, wildflowers and low-growing shrubs thrive.

NATIVE PRAIRIE RESTORATION

ITC is supporting work by states and local communities to address declines in natural lands and habitats, including native prairies. Native prairie ecosystems – large, open areas of grassland which support a vast number of plants and animals – have been virtually eliminated from their historic range across the Midwest.

VEGETATION MANAGEMENT FIELD EDUCATION

ITC's environmental team conducts annual sessions focusing on field identification of rare plant and wildlife species, the vegetation characterizing their preferred habitats, and unique landscape ecosystems. Invasive species identification and recognition of common native plant species typical of different ecosystem types also are addressed.

VEGETATION MANAGEMENT

Trees and high-voltage power lines are a hazardous combination, so ITC maintains an integrated vegetation management program to protect electric reliability and public safety.

RECOGNITION

ITC has been widely recognized for its commitment to environmental stewardship, and has been honored by the Arbor Day Foundation, Environmental Protection Agency, Iowa and Michigan Departments of Natural Resources, and the Wildlife Habitat Council, among others.

2. GREEN BOND FRAMEWORK

2.1. Alignment with the Green Bond Principles

ITC Holdings' Green Bond Framework is intended to be in alignment with the Green Bond Principles (June 2021) published by the International Capital Markets Association (ICMA). This Framework may be amended and/or updated to reflect changes in market standards or practice.

ITC Holdings' Green Bond Framework is aligned with the four core components of the ICMA Green Bond Principles below:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting






Furthermore, the use of an amount equal to the proceeds of any Green Bond is intended to support one or more of the United Nations Sustainable Development Goals ("SDG"), as outlined in the Eligibility Criteria table below.



2.2. Use of Proceeds

We intend to allocate an amount equal to the net proceeds from the sale of any Green Bond issuances to finance or refinance, in whole or in part, one or more new or existing Eligible Projects. "Eligible Projects" include projects that meet the Eligibility Criteria in the below table with the expenditures occurring during the 24 months prior to the issue date of the notes or during the term of the notes. ITC intends to allocate an amount equal to net proceeds of any Green Bond offering within 36 months of issuance.

Eligible Projects will meet the eligibility criteria for one or more of the following project categories:

1. Renewable Energy
2. Energy Efficiency
3. Clean Transportation
4. Green Buildings
5. Climate Change Adaption
6. Environmental Stewardship

Eligible Projects	Eligibility Criteria	SDG
Renewable energy	Investments and/or expenditures for projects that have increased or would increase the renewable energy available in power networks, specifically transmission infrastructure to support the connection of wind generation, solar generation facilities, and/or battery storage system facilities as well as SF6 breaker changeouts. Note: Eligible generator interconnection projects will only include those in which transmission facility upgrades are solely driven by renewable generation and/or shared upgrades where all responsible parties are renewable generation.	
Energy efficiency	Investments and/or expenditures for projects that have or would reduce energy consumption, improve network/energy efficiency and/or reduce electricity grid losses including power control devices, storage systems, and retrofits leading to at least 30% energy savings	 
Clean Transportation	<p>Investments and/or expenditures for projects that have or would reduce greenhouse gas emissions from transportation, including:</p> <ul style="list-style-type: none"> • The procurement, operation, and maintenance of electric vehicles or hybrid vehicles (<50g CO₂/km) • Infrastructure for clean transportation: construction, development, operation, acquisition and/or maintenance of electric grid infrastructure supporting sustainable mobility and cleaner vehicles with a lower environmental impact, including: <ul style="list-style-type: none"> – Electric vehicle charging stations – Transmission systems and facilities supporting clean transportation, such as network extensions or capacity upgrades 	
Green Buildings	<p>Investments and/or expenditures for projects that have or would improve the energy efficiency performance of buildings, including:</p> <ul style="list-style-type: none"> • Acquisition or construction of existing or new commercial buildings that have achieved or expect to achieve the below certification: <ul style="list-style-type: none"> – LEED: Gold or Platinum – Energy Star (85+) • Renovations of existing buildings that achieve energy 	

	savings of at least 30% in comparison to the baseline performance before the building renovation	
Climate Change Adaption	Investments and/or expenditures in network infrastructure designed to make the system more resilient and improve reliability when considering climate change related impacts such as severe weather events. Eligible projects in this category only include those have been outlined as part of vulnerability assessments	
Environmental Stewardship	Investment and/or expenditures for projects that have or would reduce the impact on land and terrestrial biodiversity, including sustainable management of the land, the restoration, creation, protection and enhancement of habitat, and individual species management	

2.3. Process for Project Evaluation and Selection

A committee consisting of representatives from ITC's Engineering, Treasury, Accounting and Finance teams shall be responsible for the assessment and selection of Eligible Projects, on an annual basis, to ensure alignment with this Framework. The committee will approve such selection and oversee internal tracking systems to manage the allocation of an amount equal to the net proceeds from the Green Bonds to Eligible Projects.

2.4. Management of Proceeds

The Treasury department will track the actual amount of net proceeds from the sale of any Green Bonds spent on Eligible Projects. Pending allocation, an amount equal to the net proceeds from the issuance of any Green Bonds may be held temporarily in cash or cash equivalents or used to repay outstanding indebtedness.

Any payment of principal and interest on any Green Bonds will be made from general funds and will not be linked to the performance of any Eligible Project.

2.5. Reporting

Annually, until full allocation of the net proceeds from the sale of any Green Bonds, and on a timely basis in case of material developments, ITC will publish a Green Bond Report on its website that will include:

- (i) the amount of the net proceeds from the sale of any Green Bonds that have been allocated to one or more Eligible Projects either individually or by category, subject to confidentiality considerations;
- (ii) the share of net proceeds used for financing vs. refinancing Eligible Projects;
- (iii) the list of Eligible Project categories with a selection of brief descriptions;
- (iv) expected impact metrics where applicable and feasible; and

- (v) the outstanding amount of net proceeds from the sale of any Green Bonds yet to be allocated to Eligible Projects at the end of the reporting period.

Potential Key Performance Indicators

Eligible Project Category	Example of Reporting Metrics
Renewable Energy	<ul style="list-style-type: none"> • CO2 emission avoided (tCO2e) • Renewable Energy Sources connected (MW)
Energy Efficiency	<ul style="list-style-type: none"> • CO2 emission avoided (tCO2e) • Expected Energy savings per year (MWh)
Clean Transportation	<ul style="list-style-type: none"> • CO2 emission avoided (tCO2e) • Number of electric and/or hybrid vehicles • Number of electric vehicle charging points
Green Buildings	<ul style="list-style-type: none"> • CO2 emission avoided (tCO2e) • Square footage of green real estate • Number and type of certifications achieved
Climate Change Adaption	<ul style="list-style-type: none"> • Reduction in weather-related disruption (days per annum) and/or risk frequency (%)
Environmental Stewardship	<ul style="list-style-type: none"> • Area covered by sustainable land and water resources management practices • Avoidance or reduction of biodiversity loss (# of species) • Certified afforested or reforested land

3. EXTERNAL REVIEW

3.1. Second Party Opinion

ITC has retained an independent consultant with recognized environmental and social expertise to provide a Second Party Opinion (“SPO”) on the environmental benefits of ITC’s Green Bond Framework as well as its alignment with the Green Bond Principles. The SPO is available on the SPO provider’s website.

3.2. Assurance

At a minimum, the first Report following complete disbursement of an amount equal to the net proceeds of the Green Bond issuance will be accompanied by (i) assertions by management of ITC that an amount equal to the net proceeds of an offering of bonds was disbursed to Eligible Projects, and (ii) an attestation report from an independent accountant in respect of the



independent accountant's examination of management's assertion conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

Disclaimer

The information and opinions contained in this ITC Green Bond Framework (the Framework) are provided as at the date of this Framework and are subject to change without notice. None of ITC or any of its affiliates assume any responsibility or obligation to update or revise such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise. This Framework represents current ITC policy and intent, is subject to change and is not intended to, nor can it be relied on, to create legal relations, rights or obligations. This Framework is intended to provide non-exhaustive, general information. This Framework may contain or incorporate by reference public information not separately reviewed, approved or endorsed by the ITC and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by ITC as to the fairness, accuracy, reasonableness or completeness of such information. This Framework may contain statements about future events and expectations that are forward looking statements. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in the Framework. No representation is made as to the suitability of any bonds to fulfil environmental and sustainability criteria required by prospective investors. Each potential purchaser of bonds should determine for itself the relevance of the information contained or referred to in this Framework or the relevant bond documentation for such bonds regarding the use of proceeds and its purchase of bonds should be based upon such investigation as it deems necessary. ITC has set out its intended policy and actions in this Framework in respect of use of proceeds, project evaluation and selection, management of proceeds and reporting, in connection with ITC Green Bonds. However, it will not be an event of default or breach of contractual obligations under the terms and conditions of any such bonds if ITC fails to adhere to this Framework, whether by failing to fund or complete Eligible Projects or by failing to ensure that proceeds do not contribute directly or indirectly to the financing of the excluded activities as specified in this Framework, or by failing (due to a lack of reliable information and/or data or otherwise) to provide investors with reports on uses of proceeds and environmental impacts as anticipated by this Framework, or otherwise. In addition, it should be noted that all of the expected benefits of the Eligible Projects as described in this Framework may not be achieved. Factors including (but not limited to) market, political and economic conditions, changes in government policy (whether with a continuity of the government or on a change in the composition of the government), changes in laws, rules or regulations, the lack of available Eligible Projects being initiated, failure to complete or implement projects and other challenges, could limit the ability to achieve some or all of the expected benefits of these initiatives, including the funding and completion of Eligible Projects. Each environmentally focused potential investor should be aware that Eligible Project may not deliver the environmental or sustainability benefits anticipated and may result in adverse impacts. This Framework does not constitute a recommendation regarding any securities of ITC or any member of ITC. This Framework is not, does not contain and may not be intended as an offer to sell or a solicitation of any offer to buy any securities issued by ITC or any member of ITC. In particular, neither this document nor any other related material may be distributed or published in any jurisdiction in which it is unlawful to do so, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession such documents may come must inform themselves about, and observe, any applicable restrictions on distribution. Any decision to purchase any bonds should be made solely on the basis of the information to be contained in any offering document provided in connection with the offering of such bonds. Prospective investors are required to make their own independent investment decisions.