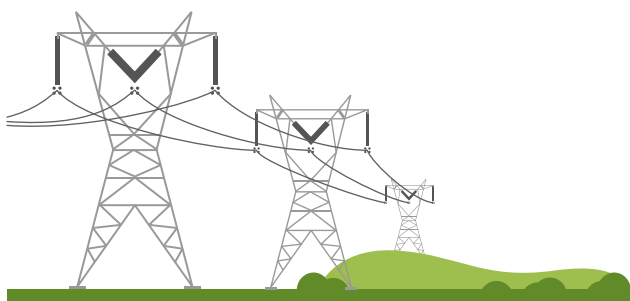




Sustainability 2017



Highlights of a busy year



RECORD VOLUME OF CLEAN POWER EXPORTS

Our electricity exports reached a historic high of 34.4 TWh in 2017 and contributed \$780 million to net income. In North America, our exports enable us to avoid more GHG emissions than we generate. Over the year, emissions avoided by net electricity exports totaled 8.4 Mt CO₂ eq.



WORKER HEALTH AND SAFETY: OUR PRIORITY

The Special Committee on Workplace Health and Safety, set up by the Board in 2016, hired an outside firm to assess our health and safety practices. The improvement strategy proposed is based on four areas: vision and leadership, performance, risk management and management approach to occupational health and safety.



DECLARATION ON CULTURAL DIVERSITY AND INCLUSION

To make Hydro-Québec even more successful, innovative, agile and diverse, the President and CEO and the Management Committee, with the support of the entire company, have made a commitment to:

- encourage initiatives that help build an inclusive workplace
- create conditions that foster teamwork by all competent employees, however different they may be
- support the career development of resources from all walks of life on the basis of merit and in accordance with the principle of fairness
- ensure that our workforce reflects Québec's diversity in order to attract the best talent

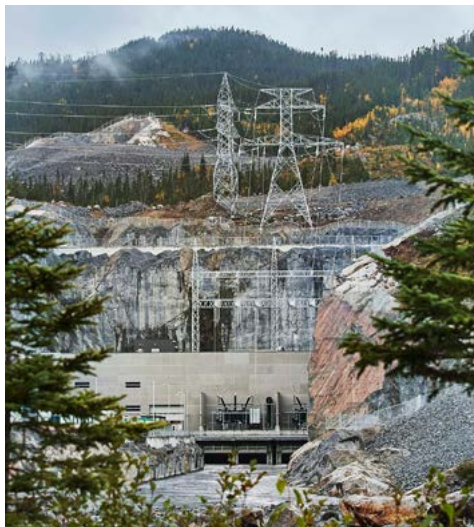
MUTUAL ASSISTANCE MISSIONS

Hundreds of line workers, accompanied by mechanics and support staff, were mobilized to lend a hand in New Brunswick, Maine, Georgia and New York State during major outages caused by freezing rain and a hurricane. These missions were conducted under agreements between utilities, including Hydro-Québec, that are members of the North Atlantic Mutual Assistance Group.



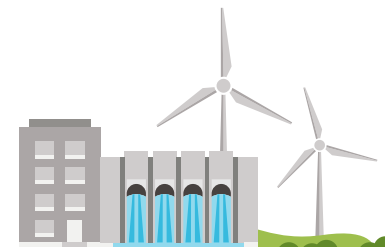
SOME OF THE LOWEST RATES IN NORTH AMERICA

The rate adjustments authorized in the last three years by the Régie de l'énergie—0.7% on April 1, 2016 and 2017, and 0.3% on April 1, 2018—reflect our commitment to keep rate increases equal to or lower than inflation. Without the efficiency gains of \$590 million achieved over the past 10 years, rates would be about 5% higher in 2018–2019.



INAUGURATION OF ROMAINE-3 GENERATING STATION

On October 19, we inaugurated the third of four generating stations at the Romaine complex—the second-largest hydropower development in Québec, after La Grande. The estimated cost of the Romaine complex is \$6.5 billion.



A WINNING RESPONSE TO THE MASSACHUSETTS REQUEST FOR PROPOSALS

Hydro-Québec won the Massachusetts request for proposals, issued in March 2017, for 9.45 TWh of firm clean energy to be delivered for 20 years. The company presented six options—three for 100% hydropower and three for a hydro-wind supply blend. By choosing Québec hydropower, Massachusetts has confirmed the importance of this form of energy in New England's ongoing energy transition.

Some key indicators of our performance



50%

PERCENTAGE OF WOMEN BOARD MEMBERS

As at December 31, 2017, our Board of Directors had 16 members with a variety of professional backgrounds and from different parts of Québec. There are equal numbers of women and men on the Board.



99.8%

POWER DELIVERED FROM RENEWABLE SOURCES

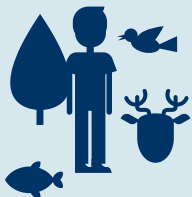
Some 99.8% of the power we deliver to our customers comes from renewable sources, and hydropower makes up 94.5% of that total. To meet the needs, we use power that we generate and that we buy from other producers, after having first encouraged our customers to conserve energy.



91%

REDUCTION IN GHG EMISSIONS SINCE 1990

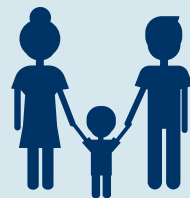
Overall, our GHG emissions have declined substantially since 1990, mainly as a result of the shutdown of seven of our thermal generating stations. In this way, we contribute significantly to reaching the Québec government's target of a 37.5% reduction by 2030.



100

NUMBER OF PROJECTS THAT UNDERGO A PUBLIC PARTICIPATION PROCESS

Every year, we study or carry out around 1,100 construction and refurbishment projects. For the roughly one hundred projects that could have environmental impacts or raise concerns among the communities affected, we communicate extensively with the host communities or solicit public participation. These processes allow us to enhance our projects and tailor them to local realities.



\$27.6 million

COMMUNITY INVESTMENTS

Community investments encompass donations and sponsorships, including Centraide, financial support for educational institutions and funds allocated through the Integrated Enhancement Program and the Fondation Hydro-Québec pour l'environnement.



92%

SATISFACTION WITH THE COMPANY

Our increased customer service efforts have yielded tangible, measurable results: a 15% decrease in average call wait time at our customer relations centers and a 24% reduction in the number of complaints, relative to 2016. These results are evidence of the improvements made in our customer relations.



Our hydropower: A solution for the energy transition

The energy world is going through a period of massive change. Northeastern North America has made a clear commitment to an energy transition in which clean, renewable energy is playing an increasingly important role. Hydro-Québec operates a generating fleet without equal on this continent, and our clean hydropower offers a solution to the major energy challenges facing northeastern North America, namely reducing GHG emissions and ensuring a secure supply of electricity.

Hydro-Québec is one of the few energy producers that can guarantee a 100% clean, renewable power supply. With our low operating costs, our large volume of available electricity and our reservoirs' ability to support intermittent energy sources, we want to contribute more to the collective effort to achieve a low-carbon economy. We took an important step in this direction this past year when our hydropower offer enabled us to win the Massachusetts request for proposals for the purchase of renewable energy.



**Consult our
Sustainability
Report 2017**

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