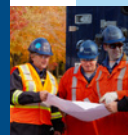
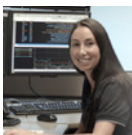
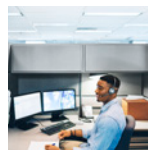
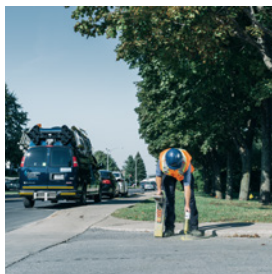
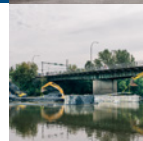


2015 Sustainability Report

Summary Sheet



 **GazMétro**
life in blue



ABOUT

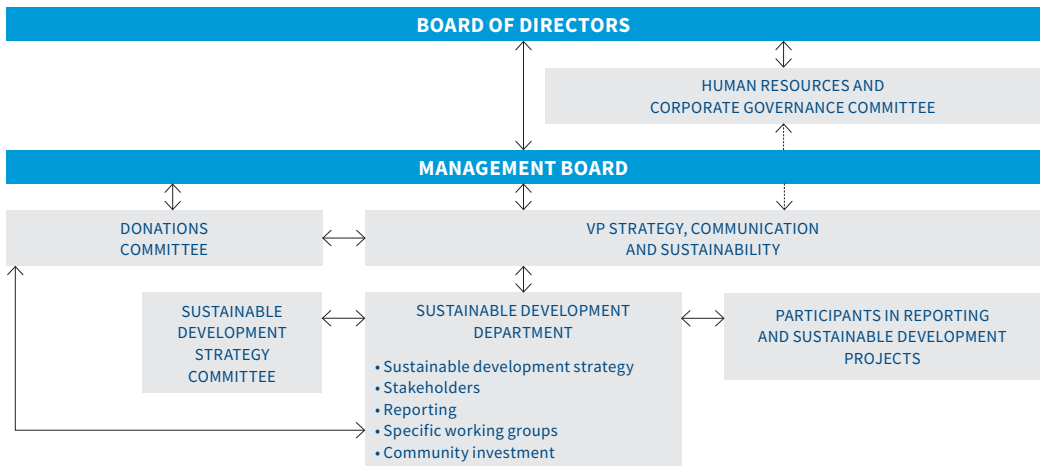
The summary sheet provides an overview of Gaz Métro’s priority aspects and achievements relating to sustainable development in fiscal 2015 (October 1, 2014 to September 30, 2015). The detailed contents are presented in the sustainability report, which meets the requirements of the fourth-generation (G4) Global Reporting Initiative (GRI) Guidelines. To view the complete report, please visit: gazmetro.com/sd.

APPROACH

Action plan 2012	Survey – Workshop 2013	Reporting 2013	Stakeholder consultation 2014	Reporting 2015
<ul style="list-style-type: none"> Roadmap 	<ul style="list-style-type: none"> Stakeholder consultation 	<ul style="list-style-type: none"> First G4 GRI report 	<ul style="list-style-type: none"> Feedback workshop with stakeholders Stakeholder survey Validation workshop 	<ul style="list-style-type: none"> Second G4 GRI report 

SUSTAINABLE DEVELOPMENT GOVERNANCE

In 2015, we improved our sustainable development governance structure, in line with the best practices proposed by the GRI. Management mechanisms were facilitated, and a decisive advisory role was given to the sustainable development strategy committee created at this time.



THREE MAIN OBJECTIVES



Québec

NATURAL GAS

- + 10,000 km of pipeline in Québec
- + 300 municipalities served
- 197,250 customers
- Network extension to Bellechasse and Asbestos region



LIQUEFIED NATURAL GAS

- First LNG-fuelled ferry for Société des traversiers du Québec
- Work in progress to boost LSR plant liquefaction capacity (\$118-million project)
- Over 1.5 Bcf of LNG in New England supply contracts since 2013



BIOMETHANE

- Saint-Hyacinthe production: injection of 13 million cu. metres of biomethane a year into the Gaz Métro gas network, starting in 2017



NATURAL GAS AS FUEL

- Fuelling stations in Québec: 2011 : 1 station 2015 : 22 stations
- Over 630 natural gas-fuelled vehicles



WIND

- 340 MW Seigneurie de Beaupré wind farm projects



NATURAL GAS STORAGE

- Natural gas liquefaction, storage and regasification plant in eastern Montreal
- Financial interest in Intragaz: two underground natural gas storage sites (Pointe-du-Lac, Saint-Flavien)



GAS PIPELINES

- Corporation Champion Pipe Line 98 km

Financial interests in:

- Trans Québec & Maritimes Pipeline (TQM) 575 km
- Portland Natural Gas Transmission System (PNGTS) 489 km



Vermont

NATURAL GAS

- 50,000 customers



“COW POWER” AND SOLAR

- 16,000 MWh a year of “cow power” generated
- Installed capacity of 7,8 MW of solar power, and 2 MW under development



ELECTRICITY

- 32 hydroelectric dams
- 260,000 customers



WIND 69 MW

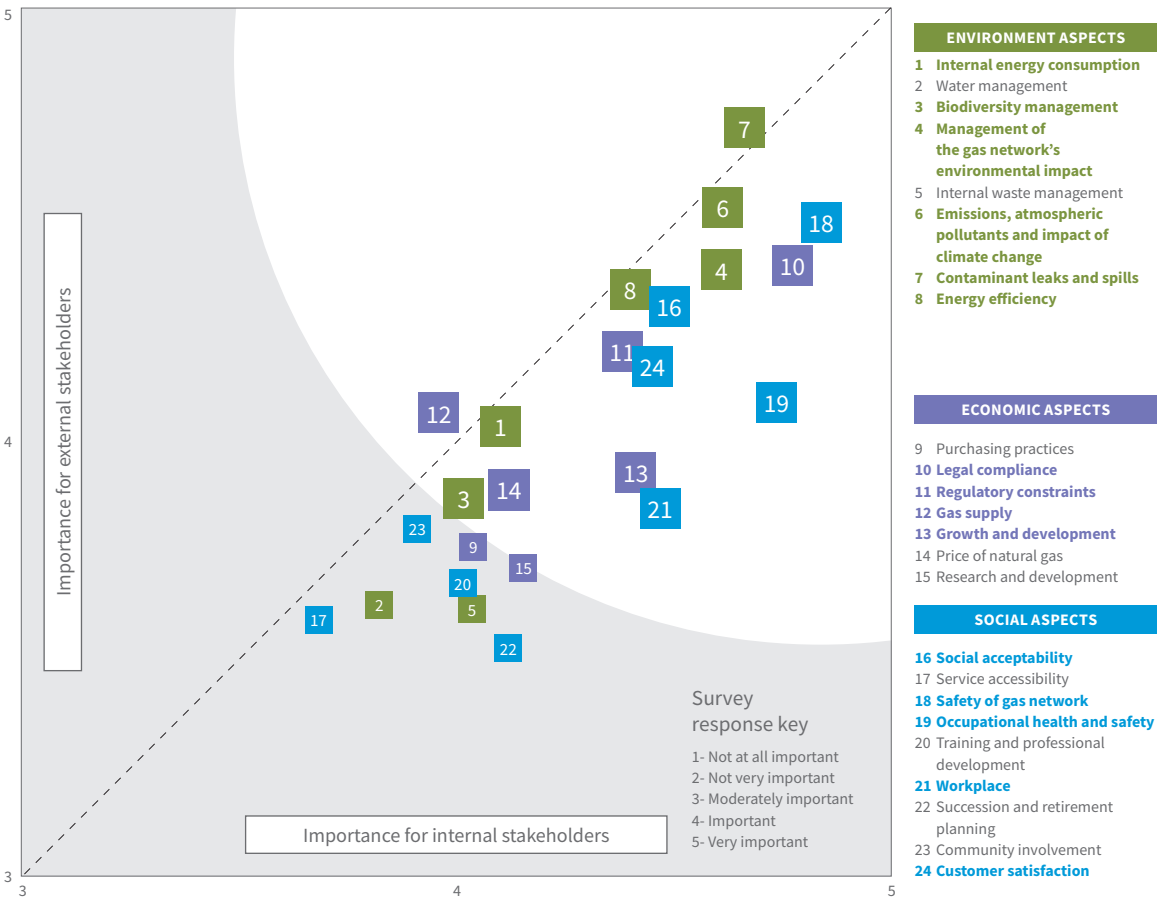
- 63 MW Kingdom Community Wind
- 6 MW Searsburg



MATERIALITY ASSESSMENT

The materiality assessment resulted in the identification of 24 relevant sustainability aspects related to Gaz Métro’s activities.

Of these 24 aspects, 15 were defined as being a priority through a survey conducted with internal and external stakeholders.



“The 2015 Sustainability Report is the continuation of this process, as our stakeholders agree that the sustainability aspects identified in 2013 are still a priority two years later. The unprecedented participation of **86 external stakeholders** and **57 internal stakeholders** allowed us to come to these conclusions and prepare this second report.”

— Sophie Brochu
President and Chief Executive Officer



The nine topics of the 2015 Sustainability Report

THE **15 PRIORITY ASPECTS** ARE GROUPED INTO **9 TOPICS** BROKEN DOWN IN THE MATERIALITY MATRIX PRESENTED BELOW



Gas supply
p. 4



Social acceptability
p. 6



Legal and regulatory context
p. 7



Energy efficiency
p. 8



Emissions, leaks and environmental management
p. 9



Safety of the gas network
p. 10



Health, safety and workplace
p. 11



Customer satisfaction
p. 12

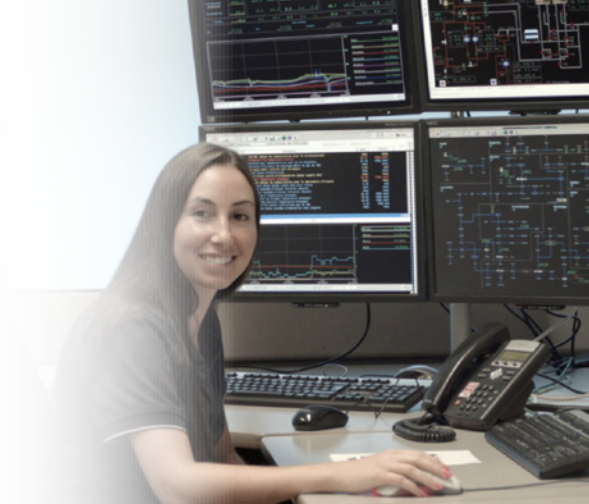


Business growth
p. 13



Gas supply

Gaz Métro is a major energy distributor. In Québec, its network of over 10,000 km of underground pipelines serves some 300 municipalities.



Gaz Métro's natural gas suppliers are mainly intermediaries such as energy brokers and the subsidiaries of large banks that are active in the energy field. Despite the difficulties of tracing the natural gas that it distributes, Gaz Métro recently compiled a certain amount of information on the business practices of its gas suppliers so as to improve its purchasing practices.

RESPONSIBLE PROCUREMENT

Goods and services suppliers:

In 2015, Gaz Métro released its first Supplier Code of Conduct

asking suppliers and contractors to consider four key principles in their business practices, including good governance, environmental responsibility, health and safety responsibility and socioeconomic equity.

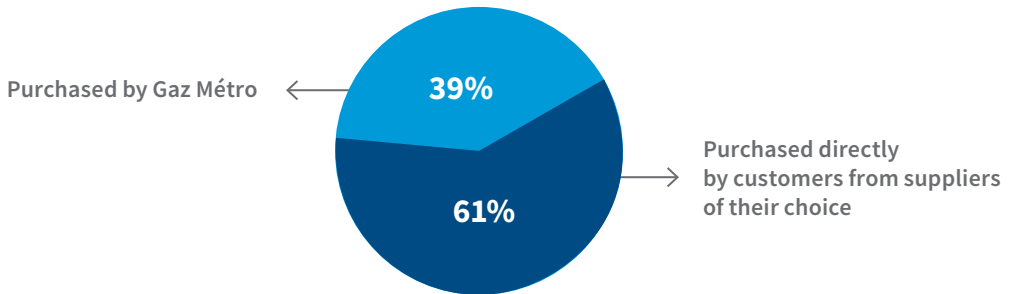
Gas suppliers:

Gaz Métro plans to begin discussions with its gas suppliers to complete the profile of their practices and raise their awareness about Gaz Métro's approach to sustainability.

SOURCES OF NATURAL GAS



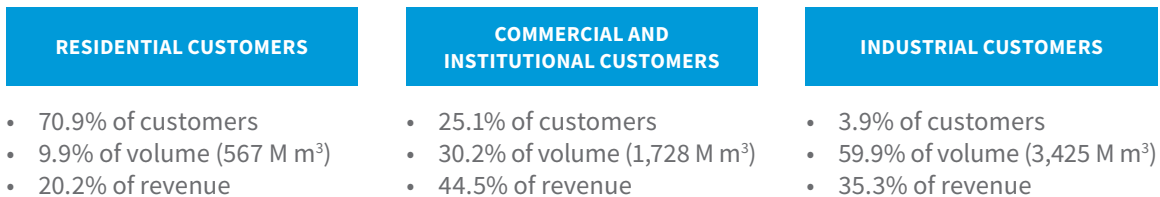
NATURAL GAS DISTRIBUTED BY GAZ MÉTRO



PROCUREMENT EXPENDITURES



GAZ MÉTRO CUSTOMERS





Social acceptability

Gaz Métro is aware of the impact its actions can have on local communities.



As every project is unique, having a reflection process that is tailored to its specific context is important. In all cases, the planning stage is the key to fostering social acceptability. Better identification of the aspects and stakeholders upstream means better integration of the project.

INTERNAL PROCESS

1. Raising awareness and training project teams

2. Identification of environmental, social and economic issues as early as possible

3. Exploring issues and tangible impacts in work groups

4. Impact mitigation measures

5. Methods for communicating with stakeholders

EXAMPLES OF CRITERIA TO ANALYZE PROJECT IMPACTS

Environmental

- Emissions and air pollution
- Tree clearing
- Biodiversity
- Wetlands and protected areas

Social

- Traffic and obstructions
- Safety
- Noise and odours
- Visual impacts

Economic

- Supply interruption
- Cost of work and schedule
- Accessibility of businesses

EXAMPLES OF MAJOR PROJECTS FOR WHICH GAZ MÉTRO IMPLEMENTED IMPACT MITIGATION MEASURES AND METHODS FOR COMMUNICATING WITH STAKEHOLDERS

- Relocating of gas lines
 - Under the Bisson Bridge in Montréal, fall 2014
 - Under the Bouchard Bridge, Saint-Hyacinthe, summer 2015
 - In Bagotville, summer 2015
- Increase in the liquefaction capacity of the LSR plant in Montréal, summer 2015 to fall 2016
- Connection of Valero facilities to the natural gas network in Montréal-Est, fall 2014



Legal and regulatory context

Gaz Métro's core activity, the distribution of natural gas, is regulated by the Régie de l'énergie.

Since January 1, 2015, Gaz Métro has been subject to the cap-and-trade system for emission allowances (C&T). Furthermore, Gaz Métro supports the greenhouse gas reduction targets resulting from the public consultations held in 2015 and considers that it can play a significant role in achieving them.

REGULATORY INFLUENCE

To promote its solutions for sustainable economic development, Gaz Métro took part in public consultations and presented briefs in the areas of energy and natural resources

Québec government's energy policy

2030 greenhouse gas reduction target

Amendments to the *Environment Quality Act* (Québec)

Social acceptability of energy projects

GREENHOUSE GAS CAP-AND-TRADE SYSTEM (C&T SYSTEM)

January 1, 2015:
Coming into effect of
C&T
System for fuel distributors, introduction of new C&T System service by Gaz Métro

November 2014, February, May and August 2015:
Participation in carbon market auctions

Number of
offset credits
purchased from
EcoSolutions Recycling:
161,510



Energy efficiency

Gaz Métro is continuing to intensify its efforts.



The programs of Gaz Métro's Global Energy Efficiency Plan for residential, commercial, institutional and industrial customers generated significant savings in natural gas, which played a major role in reaching the target for natural gas in the Quebec government's 2006–2015 energy strategy.

FISCAL 2015

20
programs
promoting the
implementation
of high-efficiency
measures

Financial assistance
of more than
\$15
million

Over
4,167
projects

Savings of
42
million cubic
metres

Reduction of
80,000
tonnes of GHGs

Since 2001,
natural gas savings
of **420 million**
cubic metres, a
803,740-tonne GHG
reduction on Québec's
environmental
report card



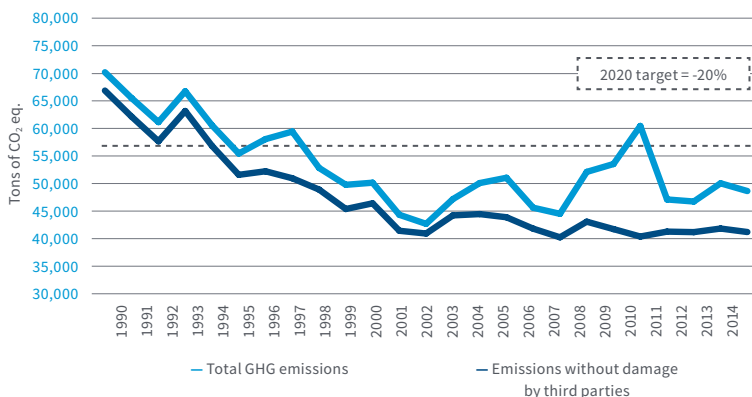
Emissions, leaks and environmental management

Natural gas emits almost no atmospheric pollutants and is the cleanest fossil fuel.



When natural gas is used instead of diesel, oil and coal, there is a GHG reduction of about 25%, 31% and 42% respectively. An increase in its use to replace petroleum products over the next few years is a sensible step in our transition towards the decarbonization of the economy.

THE EVOLUTION OF GAZ MÉTRO'S DIRECT GHG EMISSIONS SINCE 1990



Main impact of Gaz Métro's products and services

- Greenhouse gas emissions, particularly those associated with fugitive leaks within the network.

Total emissions in 2014

- Reduction of 30.2% compared with 1990 levels.

No internal GHG emissions reduction project in 2015

- After several years of implementing GHG emissions reduction projects, each additional project is more complex to put into operation. An internal multi-disciplinary team was created in 2015 to develop an approach that will allow Gaz Métro to set objectives that take this context into account and define new reduction projects in the short, medium and long term.

Leaks, spills and environmental contamination

- There were no significant leaks or spills in 2015.

The environmental management system implemented in 2001 enables us to monitor the risks and environmental impacts of our activities

- In 2014 and 2015, the environmental management system listed 360 activities.



Safety of the gas network

Gaz Métro makes ongoing efforts to protect the public and installations through rigorous maintenance and network improvement programs.



Preventive maintenance, corrective maintenance and asset management based on risk level are the three priorities of our approach.

Various policies and procedures ensure the network's safety:

Occupational Health and Safety Policy; asset management strategy including the Gaz Métro Integrity Management Program for the Distribution and Transmission Networks; Emergency Measures Management System; Operational Recovery and Continuity System.

Emergency response time:

95% of emergencies were responded to in 35 minutes or less.

More than 98% of preventive maintenance activities

planned at the beginning of the year were carried out during the fiscal year.

Safety awareness:

Conferences, training sessions and awareness-raising meetings with Gaz Métro employees, partners and suppliers.



Health, safety and workplace

Gaz Métro has developed a participative management style that underscores engagement and partnership.



The Gaz Métro Occupational Health and Safety Policy places respect for and protection of health and safety at the heart of the corporate strategy. This commitment, part of our vision of sustainable development, benefits our employees and customers as well as the communities we serve, our suppliers and our shareholders.

CONTINUOUS IMPROVEMENT

Third year of 360 degrees of caution:
Focus on psychological health (training of managers and implementation of informal mutual help network)

Global employee engagement index:
42
compared with
38
in 2013

Management style index:
45
compared with
42
in 2013



Customer satisfaction

Complaints allow us to gauge the effectiveness and efficiency of our business processes as well as the impact of our behaviours and methods.



From the standpoint of continued improvement, Gaz Métro uses its integrated management system to follow up on complaints and take correction action, as required.

Percentage of complaints processed and resolved on time was better than the targets set

Complaints processed within response times **95%**

Complaints resolved within response times **92%**

Our surveys indicate that the percentage of satisfied customers surpassed 90% for a fifth consecutive year, reaching
93.8%
in 2015



Business growth

Doing better from an environmental point of view over the long term also means paying equal attention to economic prosperity and wealth creation.



Our strategy is based on the growth of regulated activities in Canada and the U.S., developing and operating innovative, promising energy projects, including natural gas as fuel, liquefied natural gas as a replacement for higher emission-producing energies, wind power and biomethane.

INCREASE IN NET PROFITS

Net profits grew

5%

in fiscal 2014



Net profits grew

8%

in fiscal 2015

GAZ MÉTRO HAS BECOME A PROVIDER OF DIVERSIFIED ENERGY SOLUTIONS.

MAJOR PROJECTS AND DEVELOPMENTS

Natural gas distribution in Québec

- **Bellechasse: Gas network extension** (\$40 millions, 71 km extension);
- Saguenay and Eastern Townships: Transmission network improvement;
- Record penetration rate in new residential construction: 36.3%.

Liquefied natural gas (LNG)

- **Increase in production capacity of LSR plant from 3 to 9 Bcf;**
- Over 19,000 tonnes of CO₂ eq. avoided by using natural gas as fuel;
- Société des traversiers du Québec's first LNG ferry.
- Stornoway Diamonds: First mine in Québec powered by LNG.

Biomethane

- Approval by the Régie de l'énergie for the injection of biomethane into Gaz Métro's distribution network;
- Once this work is completed, **a volume of approximately 13 million cubic meters of biomethane per year** will be produced by the City of Saint-Hyacinthe and injected into Gaz Métro's gas network.

Wind power

- Since August 4, 2015, the largest wind turbine in Québec's Far North is running at the Raglan mine. The 3-MW wind turbine is specially adapted to withstand extreme weather;
- New energy delivery and storage system for the wind power project at the Raglan mine in Nunavik.



**For more information or
to view the complete report,
please visit:**

gazmetro.com/sd

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