

**NALCOR ENERGY**

**Mandate  
Compensation and Human Resources Committee**

April 2010

**COMPENSATION AND HUMAN RESOURCES COMMITTEE**  
of the  
**BOARD OF DIRECTORS**  
**NALCOR ENERGY**

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**CONSTITUTION**

1. The Compensation and Human Resources Committee (the “Committee”) shall have at least three members. All members shall be Directors who are not employees, managers and/or officers of the Corporation.
2. Any member of the Committee may be removed or replaced at any time by the Board of Directors and shall cease to be a member of the Committee upon ceasing to be a Director of the Corporation.
3. The Board of Directors shall fill vacancies on the Committee from among the Directors of the Corporation.
4. The Board of Directors, or in the event of its failure to do so, the Committee, shall appoint a chair from among the Committee members. If the Committee Chair is not present at any meeting of the Committee, the Chair of the meeting shall be chosen from among the members present.
5. The Chair presiding at any Committee meeting will have a vote in all matters considered by the Committee. The Chair of the Board of Directors is an ex officio member of the Committee and shall not be considered in the composition of a quorum.
6. The Corporate Secretary of the Corporation or designate shall be the Secretary of the Committee;
7. The members of the Committee shall be entitled to such remuneration for their services as members of the Committee, as may be fixed by the Board of Directors;

**MEETINGS AND MINUTES**

1. A majority of members will constitute a quorum for all meetings of the Committee.

2. The minutes of the meetings and proceedings of the Committee will be signed by the Secretary and approved by the Chair of the Committee and such minutes will be presented to the Board of Directors at such times as the Chair of the Committee so directs.
3. The Committee may invite such officers, directors and employees of the Corporation and external consultants as it may see fit, to attend its meetings and to take part in the discussions and consideration. The President and CEO or designate may be present at meetings of Committee but the Committee shall have the right at all times to determine who shall and shall not be present at any or part of the meetings of the Committee.
4. Each meeting of the Committee shall provide for an opportunity for Committee members to have an in camera session at the commencement of or before the conclusion of the meeting.
5. All recommendations, decisions and directives of the Committee shall be duly recorded by the Secretary in the minutes of the meeting.
6. A draft copy of the minutes of a meeting shall be circulated to the members of the Compensation Committee prior to the next meeting of the Committee. All minutes approved by the Committee shall be formally signed by the Secretary and the Chair of the meeting of the Committee that approved the minutes.
7. A written or verbal report on any meetings of the Committee shall be made by the Chair or designate of the Committee at the next meeting of the Board of Directors.

#### **SCOPE, DUTIES AND RESPONSIBILITIES**

The Committee will provide oversight of all compensation and human resources issues for Nalcor and its subsidiaries (except CF(L)Co). The Committee shall have the following specific functions, duties and responsibilities and make recommendations to the Board of Directors with respect to:

1. Consider and recommend for approval by the Board of Directors the appointment of the President and CEO and all other Officers of the Corporation and its subsidiaries.
2. The Chair of the Board of Directors and the Committee shall undertake an annual performance review of the President and CEO of the Corporation and report and/or make recommendations to the Board of Directors. The performance review will be based on agreed upon goals and objectives, updated each year.

3. Review and assess annually the Corporation's succession planning policies and practices, and report and/or make recommendations to the Board of Directors.
4. Establish and maintain a compensation philosophy and framework for the Corporation and its subsidiaries.
5. Review and assess annually compensation and benefit policies and programs and pension plans of the Corporation for Executive, Management and all employees and recommend any changes or new policies or programs, where appropriate, to the Board of Directors.
6. Review compensation and benefits mandates for collective bargaining mandates and any proposed tentative settlement and recommend to the Board of Directors.
7. Review annually the Corporation's performance management practices and procedures, and report and recommend any changes, as appropriate, to the Board of Directors.
8. Subject to the approval of the Board of Directors, the Committee may engage outside legal and technical expertise to assist the Committee in the discharge of their duties and responsibilities.
9. As necessary, provide guidance and direction to the Boards of subsidiary companies with respect to compensation and human resource policies and issues as outlined in this mandate.