

MINUTES OF THE NINETY-FOURTH MEETING OF THE BOARD OF DIRECTORS OF NALCOR ENERGY HELD IN THE CEO MEETING ROOM (AND VIA CONFERENCE CALL), SIXTH LEVEL, HYDRO PLACE, ST. JOHN'S, NEWFOUNDLAND AND LABRADOR ON MONDAY, MARCH 14, 2016, AT 11:00 AM

Present in Person: K. Marshall, Chair
L. Abbass, Member
E. Martin, Member

Present by Phone: T. Clift, Member
G. Shortall, Member

Present by Invitation: M. Roberts, Vice-President HROE

Secretary: M. Roberts

1239. CONSTITUTION OF THE MEETING

Notice for the meeting was sent on March 7, 2016. A quorum of members being present, the meeting was declared duly called and validly constituted for the transaction of business.

1240. SAFETY MOMENT

Mr. Roberts provided a safety moment with an update on the Executive Wellness program delivered by Horizon Occupational Health Solutions.

1241. PRESIDENT & CEO UPDATE ON PROVINCIAL BUDGET

The Chair inquired as to whether Mr. Martin had discussed Nalcor's compensation matters with the Shareholder in light of the upcoming Budget and the current fiscal situation. Mr. Martin advised that there had been some

preliminary discussion but the Shareholder had presented no firm position at that point in time.

Mr. Roberts noted that there is a misconception that Nalcor's "at risk" pay is a "bonus" program; however, he clarified that it is cash compensation which forms part of an eligible individual's overall compensation which is put "at risk" for the purposes of providing additional incentive to achieve a series of pre-determined business objectives. The payout associated with the achievement of these objectives is a reflection of the total targeted compensation for the individual in that year, not a bonus received in addition to targeted compensation.

Mr. Roberts advised the Board that he had requested that Nalcor's Legal Department provide a legal opinion on the payout of 2015 "at risk" pay (Performance Contracts) given the current fiscal situation and the Government Renewal Initiative.

1242. CHAIR UPDATE ON PERFORMANCE CONTRACT ADMINISTRATION

The Chair has been engaged in discussions with the Shareholder on the economic challenges this fiscal year. He advised that the Board needed to consider several factors before proceeding with 2015 Performance Contract payout, including the Board's obligations regarding compensation of this nature and the possibility of a Shareholder directive regarding payment (although he noted that this would be outside of the usual consultative process). Mr. Marshall expressed that it would be prudent for the Board to obtain their own legal opinion as it relates to any direction provided by the Shareholder to withhold pay earned in 2015, regarding Board liability and responsibility.

The Board then proceeded to have a discussion with Mr. Roberts regarding the magnitude of the proposed payouts and the implications of various alternatives on retention of key personnel.

1243. COMPENSATION GOVERNANCE

Mr. Marshall indicated that historically there has not been a formal process requesting approval of such matters as performance contract pay with the Shareholder. The Chair has kept the Province generally informed on such matters, but the Board has acted without formal approval of the Shareholder.

The Chair requested that Mr. Roberts circulate to the Committee a copy of the legal opinion received from McInnis Cooper as well as a sample of the 2015 Performance Contracts.

1244. IN CAMERA SESSION

The Chair confirmed that the Committee decided that an in camera session was not necessary.

1245. TERMINATION

There being no further business, the meeting was terminated.

94th Nalcor Energy Board Meeting
March 14, 2016
Page 4 of 4


Secretary

Adopted at a meeting held on

June 14, 2016


Chairperson