



Government Corporation Governance Review

April 2014



To complete our study of Corporate Governance Practices of state-owned organisations we thoroughly reviewed company and regulatory documents

- ◆ **Information from the following sources was used to fulfil the scope of work for the Corporate Governance Study:**
 - » Company Documents
 - » Company Websites
 - » Annual Reports
 - » Board Terms of Reference / Governance Manuals

 - » Supporting Regulatory Documentation
 - » Governing 'Acts' of the Canadian Crown Corporations
 - » Norwegian Code of Practice for Corporate Governance

The four Canadian Government Entities have a similar guidelines for corporate governance

- **All four companies are “Crown Corporations”** which are established by an act of the relevant parliament and report to the government cabinet
- **Appointments and pay of Board members are made by the provincial government** the Lieutenant Governor¹ of the province is generally the designated minister responsible from the government
- **All corporations are observed to have limited to no presence of Executive Board Members**
- Whilst guidelines for corporate governance are set by the Crown Corporations and are similar for the four entities, **clear disclosure of practices varies across the four companies studied**

¹ The Lieutenant Governor is the vice regal representative in a provincial jurisdiction of the Canadian monarch and head of state, Queen Elizabeth II

Summary of Corporate Governance Practices

Company	Location	Number of Employees	Annual Revenue (CAD\$)	% Government Ownership	Energy Sector Focus	Appointment Process	Average Board Remuneration* (CAD\$)	Level of Disclosure
Hydro Quebec	Montreal, Canada	21,596	12.2 billion	100%	Utility	Order of Council	40,911	Medium
BC Hydro	Vancouver, Canada	6,128	4.0 billion	100%	Utility	Order of Council	30,721	High
Manitoba Hydro	Winnipeg, Canada	6,463	2.1 billion	100%	Utility	Order of Council	Information not available	Low
NB Power	Fredericton, Canada	2,300	1.7 billion	100%	Utility	Order of Council	Information not available	Low
TVA	Knoxville (TN), USA	12,612	11.3 billion	100%	Utility	Government	94,581	High
EDF Group	Paris, France	159,740	103.4 billion	84.49%	Utility	Mixed	54,712	High
DONG Energy	Fredericia, Denmark	6,692	13.4 billion	57%	O&G	Mixed	31,440	High
Statoil	Stavanger, Denmark	23,400	111 billion	67%	O&G	Mixed	75,674	High

* Includes remuneration from participation in committees where applicable

Contents

- 1** Hydro-Quebec
- 2 BC Hydro
- 3 Manitoba Hydro
- 4 NB Power
- 5 Tennessee Valley Authority
- 6 EDF Group
- 7 DONG Energy
- 8 Statoil

Company Overview



Company	Hydro Quebec
Headquarters	Montreal, Canada
2012 Revenue¹	CAD\$ 12,228 million
# Employees	21,596
Government Share	Quebec Province Government (100%)

Company Description

- Hydro-Québec is a Crown Corporation of Quebec which generates, transmits and distributes electricity to over 4 million customers
- The organisation runs 60 hydroelectric generating stations (~36,000 MW installed capacity)
- Hydro Quebec sells power on the wholesale markets and is active in arbitrage and purchase/resale transactions
- It uses mainly renewable generating options, in particular large hydro, and supports the development of other technologies—such as wind energy and biomass
- The company has four divisions: Production, Transmission, Distribution, and Equipment and Shared Services

¹ Please note that the Company's financial year is from January 1st to December 31 2012

Board of Directors – Appointment Procedure



Key Components

- Hydro-Quebec's Board of Directors complies with the requirements of the *Hydro-Québec Act* with regard to governance. It also follows the guidelines of the **Canadian Securities Administrators** applicable to state-owned enterprises, even though it is not legally bound to do so because Hydro-Quebec is not publicly traded
- The Quebec Government appoints members of the Board based on the expertise and experience profiles established by the company
- The Governance and Ethics Committee is required to develop expertise and experience profiles to be used in appointing the members of the Board of Directors with a focus on relevant management experience and are assessed against specific criteria

Management Bodies and Committees

- Operations of the Board of Directors are split into seven committees:
 - » Executive
 - » Governance and Ethics
 - » Audit
 - » Human Resources
 - » Environment and Public Affairs
 - » Finance
 - » Pension Plan Financial Management

Board of Directors – Who Are They?



Board Composition and Qualifications

- Hydro Quebec Board has 15 Board members in total with the company’s President and CEO serving as the only executive member (voting rights are not explicitly mentioned for the CEO)
- The Board met 11 times in 2012, while its committees held 33 meetings
- Qualifications of Board members focus on management experience that is relevant to the position
- The Audit Committee must include members with accounting or financial expertise

Current Composition of the Board of Directors

Pierre Karl Péladeau <i>Chairman</i> (May 2013-Nov 2016)	Gaston Blackburn <i>Board Member</i> (Sep 2003-Feb 2012 ¹)	Christyne Tremblay <i>Board Member</i> (June 2013-Nov 2015)
Thierry Vandal <i>Board Member, CEO</i> (Apr 2006- Oct 2017)	Anik Brochu <i>Board Member</i> (Sep 2006 – Nov 2015)	Carl Cassista <i>Board Member</i> (Sep 2007 – Nov 2014)
Michelle Cormier <i>Board Member</i> (Nov 2009- Nov 2013)	Patrick Déry <i>Board Member</i> (Oct 2012- Nov 2013)	Suzanne Gouin <i>Board Member</i> (Sep 2007 -Nov 2015)
Isabelle Hudon <i>Board Member</i> (Nov 2011- Nov 2015)	Louis Lagassé <i>Board Member</i> (Sep 2003- Feb 2012)	Jacques Leblanc <i>Board Member</i> (Apr 2004- Nov 2014)
Michel Plessis-Bélair <i>Board Member</i> (Apr 2004- Sep 2011) ¹	Martine Rioux <i>Board Member</i> (Nov 2011- Nov 2014)	Marie-Anne Tawil <i>Board Member</i> (Dec 2005- Nov 2015)

Executive Board Members

Non-Executive Board Members

¹ When their term expires, directors remain in office until replaced or reappointed

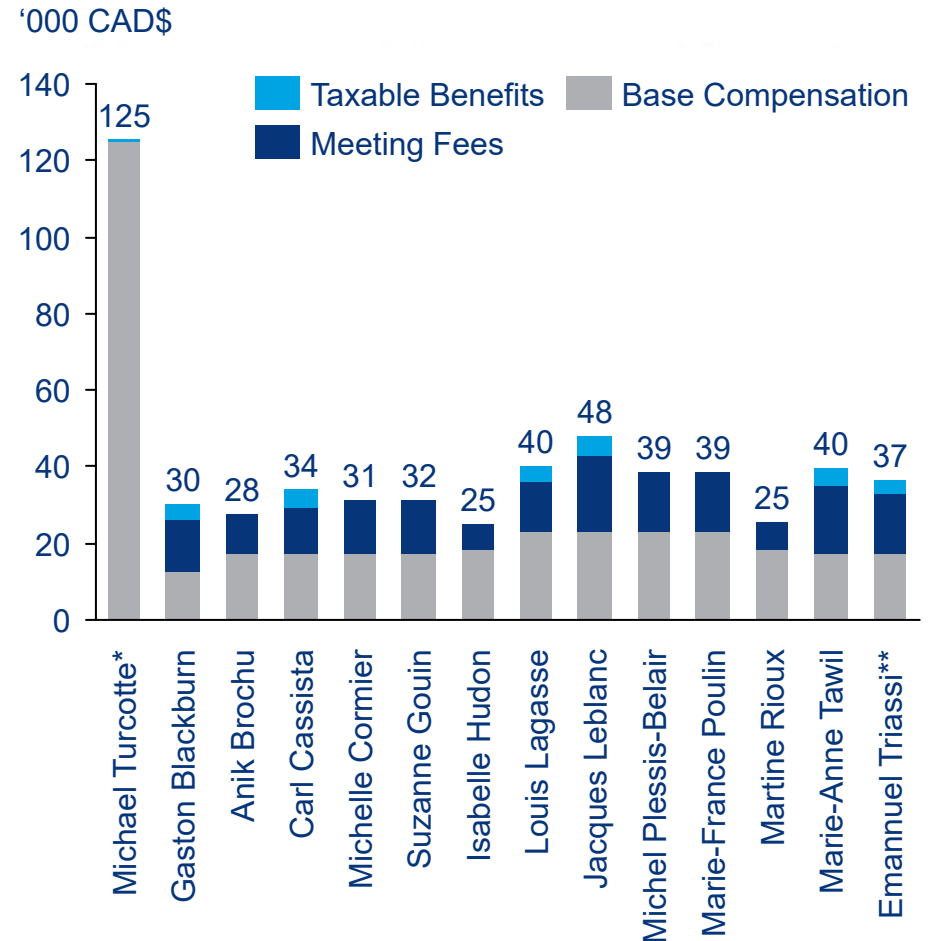
Board of Directors – Remuneration Procedure



Reporting and Guidelines

- The *Hydro-Québec Act* requires that the Annual Report of the Company must state the remuneration and benefits paid to each Board member
- Compensation for all independent directors, except the Chairman, is set out in Order-in-Council No. 610-2006
- Compensation consists of:
 - » Annual retainer of \$17,364
 - » Yearly supplement of \$5,427 is paid to the chairs
 - » Meeting fee of \$814 for each Board or Committee meeting
- Pursuant to Order-in-Council No. 1099-2005, the Chairman of the Board receives annual compensation of \$125,000
- Board members are also entitled to reimbursement of travel expenses incurred in the performance of their duties

Remuneration Break-Down (FY 2012)



*Replaced by Pierre Karl Péladeau as Chairman on May 15th 2013

**Replaced by Christyne Tremblay in 2013



Contents

- 1 Hydro-Quebec
- 2 BC Hydro**
- 3 Manitoba Hydro
- 4 NB Power
- 5 Tennessee Valley Authority
- 6 EDF Group
- 7 DONG Energy
- 8 Statoil

Company Overview



Company	BC Hydro
Headquarters	Vancouver, Canada
2013 Revenue¹	CAD\$ 4,038 million
# Employees	6,128
Government Share	Province of British Columbia (100%)

Company Description

- BC Hydro is a Crown Corporation of British Columbia and one of the largest utilities in Canada, serving 95% of B.C.'s population
- The company operates 31 hydroelectric facilities and three thermal generating plants, totalling approximately 12,000 MW of generation capacity
- The electricity generated by its own dams and delivered by own transmission and distribution infrastructure
- BC Hydro has over 1.9 million customers (90% residential/10% commercial)

¹ Please note that the Company's financial year is from April 1st 2012 to March 31st 2013

Board of Directors – Appointment Procedure



Key Components

- The Board is appointed by the Lieutenant-Governor in Council of British Columbia
- BC Hydro's Board of Directors has a responsibility to provide the Government (with advice regarding the needs of BC Hydro and the criteria Government might consider when making appointments
- On behalf of the Board, the Corporate Governance Committee annually reviews the strategic direction of the Corporation and the skills, experience, background and diversity of the Board in relationship to the Corporation's strategic direction with any recommendations resulting from the review to be discussed
- Each Director's term of appointment is established by Government through Order-in-Council. We have observed that term lengths for BC Hydro Board members tend to serve fixed terms of 2-3 years after which they can be reappointed
- The Government does not appoint elected provincial officials to Crown agency Boards, and only in very rare instances should public servants be appointed

Management Bodies and Committees

- Operations of the Board of Directors are split into the following committees:
 - » Audit & Finance Committee
 - » Capital Projects Committee
 - » Corporate Governance Committee
 - » Energy Planning, Conservation & Procurement Committee
 - » Executive Committee
 - » Safety, Human Resources & Environment Committee
 - » Shareholder Relations Committee

Board of Directors – Who Are They?



Board Composition and Qualifications

- BC Hydro has 10 Board members in total all of whom are non-executive Board members
- Director qualifications are qualitatively discussed: *While Directors are selected to reflect the industrial, economic, social, ethnic, and regional diversity of our province, appointees will include persons with business, utility and energy industry experience to ensure the appropriate balance of expertise necessary for overseeing a large commercial enterprise*

Current Composition of the Board of Directors

	Stephen Bellringer <i>Chairman</i> (since Nov 2012)	
Bill Adsit <i>Board member</i> (Nov 2013- Dec 2014)	W.J. Brad Bennett, O.B.C <i>Board member</i> (Jan 2012-Jan 2015)	James P. Hatton <i>Board member</i> (Jan 2013-Dec 2016)
Larry Blain <i>Board member</i> (Jun 2010-Dec 2016)	James M. Brown <i>Board member</i> (Jun 2010-Sep 2014)	Janine North, ICD.D <i>Board member</i> (Oct 2013-Nov 2014)
John Knappett <i>Board member</i> (Jun 2010-Dec 2016)	Tracey L. McVicar <i>Board member</i> (Dec 2007- no termination date)	John C. W. Ritchie <i>Board member</i> (Nov 2009-Nov 2014)

- Executive Board Members
- Non-Executive Board Members



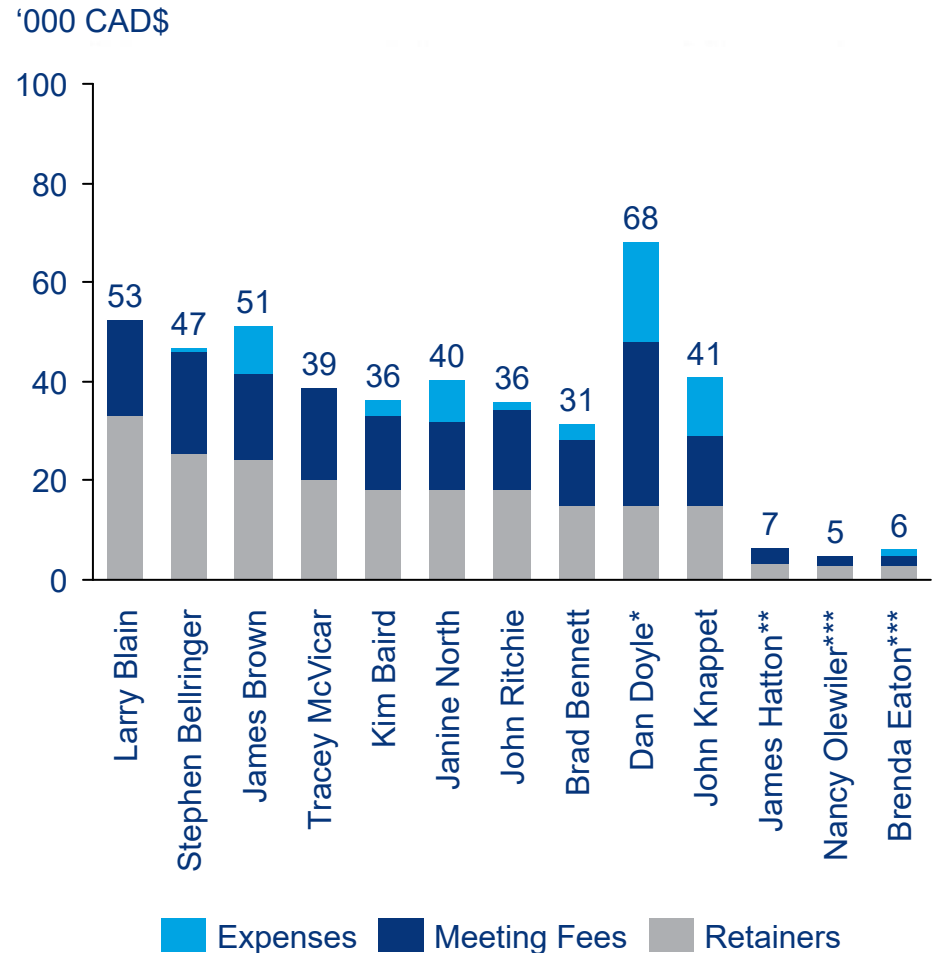
Board of Directors – Remuneration Procedure



Reporting and Guidelines

- Remuneration and expenses are reported in the annual *Financial Information Act Return* for each individual with a breakdown of Retainers, Meeting Fees, and Expenses as shown on the right
- Total Retainers and Meeting Fees for 2012 were CAD\$ 405,375
 - » Retainers are \$15,000 per board member (Chairman receives \$30,000)
 - » Committee chairs earn an additional \$3,000
 - » Members also earn meeting fees (including “per diem fees” for those appointed after April 1, 2010)
- The Government establishes compensation policy for its Crown Boards of Directors. Guidelines stating maximum appropriate Director compensation are outlined in the *Remuneration Guidelines for Appointees to Crown Agency Boards*

Remuneration Break-Down (FY 2013)



*Resigned Sept. 24, 2012 as Chairman
 **Appointed January 17, 2013
 *** Powertech Board Members only



BC's Crown Corporation Remuneration Guidelines specify roles, responsibilities, and remuneration of agency board members

◆ The guidelines:

- » Govern the maximum remuneration and expense reimbursement payable to appointees who serve on boards of Crown Agencies and allowable exceptions
- » Set out criteria as to which agencies fall within the scope of application of the guidelines
- » Outline the Remuneration Framework to be used in determining the allowable remuneration for each Crown Agency based on classification by type and complexity (Levels 1 – 6)

Contents

- 1 Hydro-Quebec
- 2 BC Hydro
- 3 Manitoba Hydro**
- 4 NB Power
- 5 Tennessee Valley Authority
- 6 EDF Group
- 7 DONG Energy
- 8 Statoil

Company Overview



Company	Manitoba Hydro
Headquarters	Winnipeg, Canada
2013 Revenue¹	CAD\$ 2,062 million
# Employees	6,463
Government Share	Manitoba Provincial Government (100%)

Company Description

- Manitoba Hydro is a Crown Corporation and the province's major energy utility
- The company serves 548,700 electric customers throughout Manitoba and 269,700 natural gas customers in various communities throughout southern Manitoba and maintains a position of being among the lowest cost providers of domestic electricity rates in Canada
- Power is generated using 15 hydroelectric generating stations, primarily on the Winnipeg, Saskatchewan and Nelson rivers
- The company has capital assets-in-service at original cost exceeding \$15 billion, making them one of the largest energy utilities in Canada

¹ Please note that the Company's financial year is from April 1st 2012 to March 31st 2013

Board of Directors – Appointment Procedure



Key Components

- Board members are appointed by the Lieutenant-Governor in Council of Manitoba
- Members serve for such term as is specified in the order in council by which he or she is appointed
- A member of the Executive Council may not be a member of the Board
- A member of the Legislative Assembly may be a member of the Board

Management Bodies and Committees

- The Board may establish committees that it considers necessary for the due conduct of the business and affairs of the Corporation
- The Board has a statutory duty to establish the following committees:
 - » Audit Committee of the Board, and
 - » Planning Committee of the Board
- The responsibilities, membership and procedures of each Committee are set out in the Terms of Reference for that Committee

Board of Directors – Who Are They?



Board Composition and Qualifications

- The Board of Directors consists of not more than 11 members who are appointed by order of the Lieutenant Governor in Council
- The President and CEO of the Corporation is an ex officio, non voting member of the Board

Current Composition of the Board of Directors

<p>Bill Fraser, FCA <i>Chairman</i> (since Nov 2012)</p>	<p>Scott A. Thomson <i>President and CEO</i> (non voting member)</p>
<p>Jim Husiak <i>Board member</i></p>	<p>Michael Spence <i>Board member</i></p>
<p>Eurgene Kostyra <i>Board member</i></p>	<p>Larry Vickar <i>Board member</i></p>
<p>Carmen Neufeld <i>Board member</i></p>	<p>Dudley Thompson <i>Board member</i></p>
<p>Dr. John Loxley <i>Board member</i></p>	<p>Frank Whitehead <i>Board member</i></p>
<p>David Crate <i>Board member</i></p>	<p>Tina Keeper <i>Board member</i></p>

Source: The Manitoba Hydro Electric Terms of Reference, Manitoba Hydro Website;
 Note: no further information available regarding Board members and terms served

- Executive Board Members
- Non-Executive Board Members



Board of Directors – Remuneration Procedure



Reporting and Guidelines

- ◆ Board remuneration is not disclosed in Manitoba Hydro's financial statements at an aggregate or an individual level
- ◆ Manitoba Hydro's practice is to comply with The Public Sector Compensation Disclosure Act of Manitoba
- ◆ The relevant disclosures required by this Act include:
 - » compensation to the Chairperson of our Board of Directors if it is \$50,000 annually or more
 - » in the aggregate to or for the benefit of our Board members (i.e. the total for all Board members other than the Chair).
- ◆ The Manitoba Hydro Act States:

The corporation shall pay to the chairman, vice-chairman, and each other member of the Board such remuneration as may be fixed by order of the Lieutenant Governor in Council

Remuneration Break-Down

- ◆ For each calendar year, Manitoba Hydro prepares a statement for this purpose which is certified by the Auditors to be correct
- ◆ As set out in the Act, this information is available for viewing at the head office or Manitoba Hydro will provide a copy of this statement upon payment of an administration fee of \$20 plus GST

Contents

- 1 Hydro-Quebec
- 2 BC Hydro
- 3 Manitoba Hydro
- 4 NB Power**
- 5 Tennessee Valley Authority
- 6 EDF Group
- 7 DONG Energy
- 8 Statoil

Company Overview



Énergie NB Power

Company	New Brunswick Power
Headquarters	Fredericton, Canada
2013 Revenue¹	CAD\$ 1,697 million
# Employees	Over 2,300
Government Share	Government of New Brunswick (100%)

Company Description

- NB Power is a Crown Corporation of New Brunswick which provides New Brunswick with electricity produced from 13 facilities
- The companies of the NB Power Group have recently formed a single integrated entity under the *Electricity Act* which came into effect Oct 2013 to with the goal to operate more efficiently, increase transparency and continue to provide stable electricity rates
- The company operations are split into four divisions:
 - » NB Power
 - » Distribution and Customer Service
 - » Generation
 - » Nuclear

¹ Please note that the Company's financial year is from April 1st 2012 to March 31st 2013. The latest annual reports available do not account for changes since the integration.

Board of Directors – Appointment Procedure



Énergie NB Power

Key Components

- Board appointment procedures for the new corporation formed October 2013 are governed by the Electricity Act
- Transitional measures allow existing Board members to continue in their roles
- In making nominations, the Board of Directors acts as the advisor to the Lieutenant-Governor in Council and shall:
 - » Use a merit-based and objective approach
 - » Ensure that the Board of Directors as a whole has the necessary skills and qualifications to carry out its functions
 - » Provide to the Lieutenant-Governor in Council a description of the recruitment, assessment and selection processes used and the results of those processes
- Terms of appointment are not to exceed 5 years and directors can be reappointed for a 2nd term

Management Bodies and Committees

- Details of management bodies and committees under the new structure are not published
- Under the old structure:
 - » NB Power Group had a common Audit Committee and Strategic Planning and Investment Committee
 - » Each individual corporation also had three committees specific to each organisation:
 - » Environment Committee
 - » Health and Safety Committee
 - » Human Resources, Governance and Nominating Committee

Board of Directors – Who Are They?



Board Composition and Qualifications

- The Board of Directors of the Corporation shall be composed of:
 - » The President and CEO (non-voting member)
 - » Not more than 14 directors appointed by the Lieutenant-Governor in Council
- A qualifications test is carried out during the appointment process to ensure that the Board nominees match the skills and qualifications required for the Board to carry out its functions

Current Composition of the Board of Directors

<p>Ed Barrett <i>Chairman</i></p>	<p>Gaëtan Thomas <i>President and CEO</i> <i>(non-voting member)</i></p>
<p>Paul V. Beesley <i>Board member</i></p>	<p>John Mallory <i>Board member</i></p>
<p>Norman Betts <i>Board member</i></p>	<p>Lise Ouellette <i>Board member</i></p>
<p>Phil Fontaine <i>Board member</i></p>	<p>Michael Sellman <i>Board member</i></p>

Sources: The Electricity Act, NB Power Website

Note: no further information available regarding Board members and terms served

Executive Board Members

Non-Executive Board Members

Board of Directors – Remuneration Procedure



Énergie NB Power

Reporting and Guidelines

- ◆ Information relating to Board remuneration is not disclosed in NB Powers financial statements at an aggregate or an individual level
- ◆ The Electricity Act states that Board members will be paid:
 - » *The remuneration that the Lieutenant-Governor in Council determines, and*
 - » *the payment shall be made out of the funds of the Corporation*
- ◆ The media department of NB Power was able to confirm that:
 - » NB Power's Directors receive a \$12,000 per year stipend
 - » The Chair receives \$30,000 per year stipend.
 - » There is a \$500 per day per diem for all days were NB Power board business is conducted, including travel days
 - » In addition, all reasonable expenses are covered

Remuneration Break-Down

- ◆ Information regarding specific pay per named board member is not disclosed in publically available documentation.

Contents

- 1 Hydro-Quebec
- 2 BC Hydro
- 3 Manitoba Hydro
- 4 NB Power
- 5 Tennessee Valley Authority**
- 6 EDF Group
- 7 DONG Energy
- 8 Statoil

Company Overview



Company	Tennessee Valley Authority
Headquarters	Knoxville (TN), USA
2013 Revenue¹	US\$ 11.0 billion (CAD\$ 11.3 billion)
# Employees	12,612
Government Share	US Government 100%

Company Description

- Established by Congress in 1933, the Tennessee Valley Authority is a non-profit, government-owned electric utility that provides electricity at prices below national average in seven States in the South East of the United States (Alabama, Georgia, Kentucky, Mississippi, North Carolina, Tennessee, Virginia)
- Other activities include:
 - » Providing flood control, navigation and land management for the Tennessee River system
 - » Assisting utilities and state and local governments with economic development
- Its mission is to promote a cleaner and safer energy future for the Tennessee Valley region and the nation by relying more on nuclear power and less on coal

¹ Please note that TVA's financial year ends is from October 1st 2012 to September 30th 2013

Board of Directors – Appointment Procedure

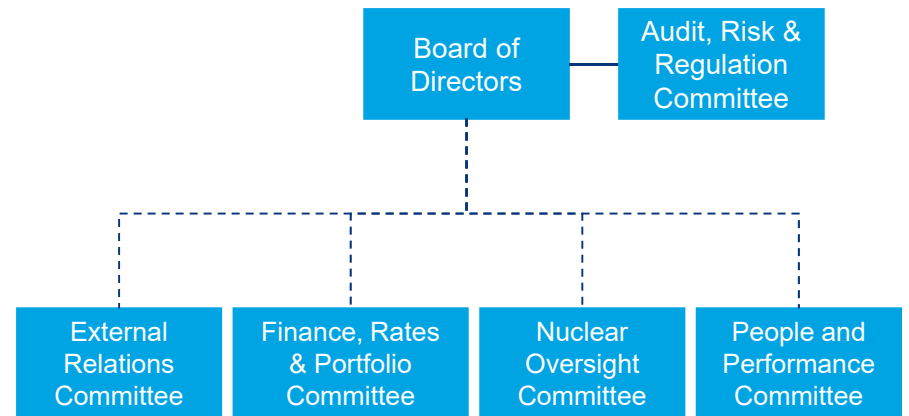


Key Components

- All Board members are elected by the President of the US, based on the advice and approval of the US Senate
- The Chairman is appointed internally by the members of the Board and its term duration is of 2 years, unless the Board decides otherwise
- The term duration of all the other Board members is of 5 years

Management Bodies and Committees

- The Board oversees committees helping the Board to fulfil its responsibilities
 - » Pursuant to the TVA Act, the Board is required to have an Audit, Risk, and Regulation Committee
 - » Pursuant to TVA's bylaws, an External Relations Committee, Finance, Rates, and Portfolio Committee, Nuclear Oversight Committee and People and Performance Committee have also been established



———— Pursuant to the TVA Act
 - - - - - Pursuant to TVA's bylaw

¹ When their terms expire, Board member may remain on the Board until the end of the current congressional session (typically in December) or until their successors take office, whichever comes first

Board of Directors – Composition and Qualifications

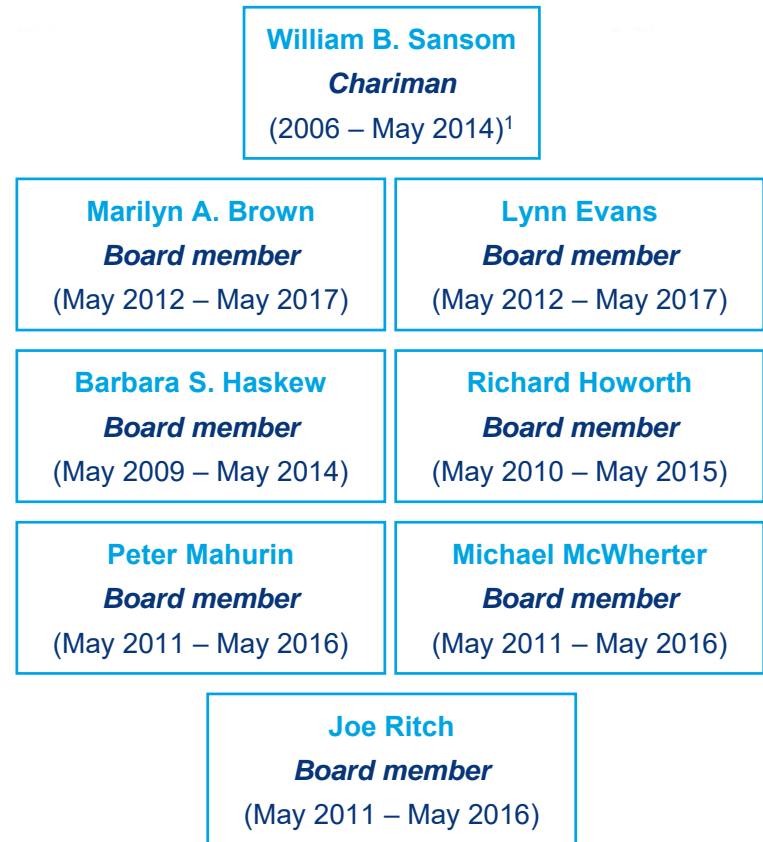


Board Composition and Qualifications

- The Board consists of up to 9 members including the Chairman, of which at least 7 have to be a legal residents of the TVA service area
 - » There are currently 8 Board members and all of them are residents of the service area of the Corporation
- If the Chairman is unable to preside at a meeting of the Board, the Chairman shall designate a member of the Board to preside in his or her absence
- Board members have to be US citizens with management know-how relative to a large for-profit or non-profit corporate, government or academic entity
- Board members cannot be employees of the corporation
- Board members have to disclose to Congress any investment or other financial interest that it holds in the energy industry

- Executive Board Members
- Non-Executive Board Members

Current Composition of the Board of Directors



¹ Board member from 2006 to 2009; Chairman from 2006 to 2008. His term as Chairman has been extended by the Board to expire when his term as a director expires May 18, 2014



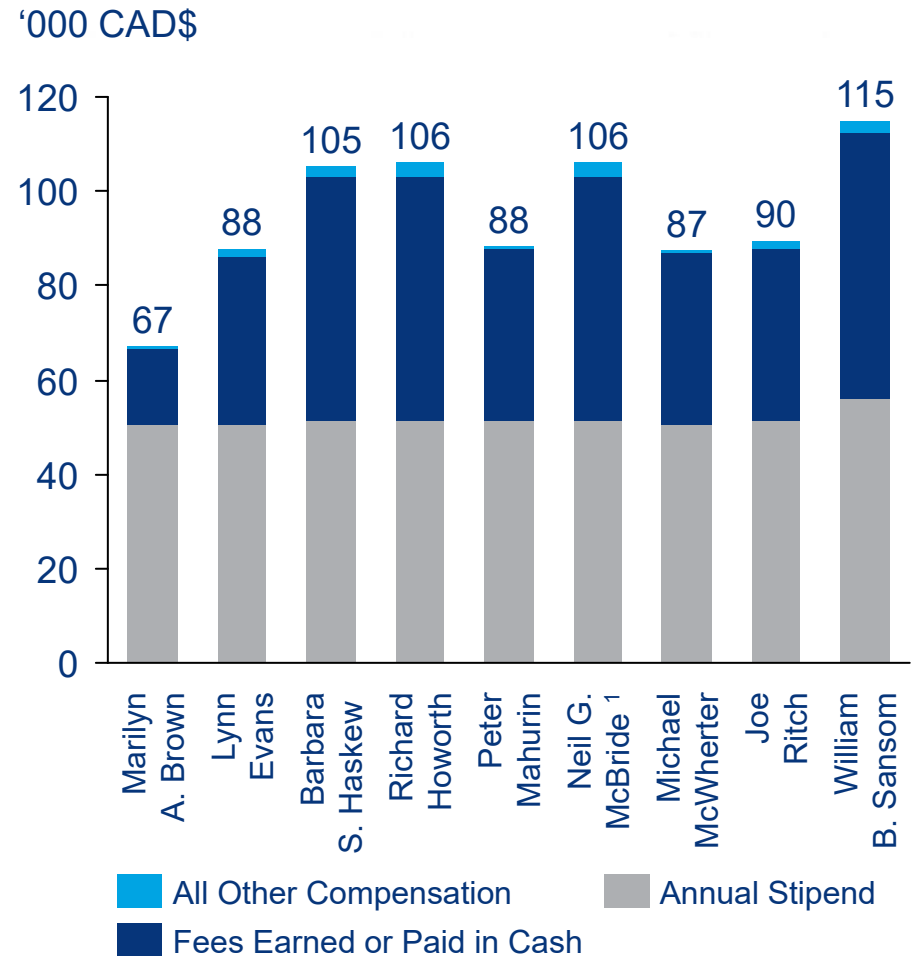
Board of Directors – Remuneration Procedure



Reporting and Guidelines

- Board remuneration is disclosed in the Annual Reports at an individual level
- As per the TVA Act, Board remuneration consist of:
 - » An annual stipend of
 - CAD\$ 51,516 for the Chairman
 - CAD\$ 47,395 for the Chairman of any Committee of the Board
 - CAD\$ 46,364 for all the other Board members
 - » Travel expenses, including daily subsistence allowances
- However, the amount of the stipend increases annually by the same percentage increase applicable to adjustments of the annual rates of pay of employees on the Executive Schedule of the US Government
 - » As a result, as of September 30, 2013, the annual stipend increased to:
 - CAD\$ 56,152 for the Chairman
 - CAD\$ 51,516 for the Chairman of any Committee of the Board
 - CAD\$ 56,152 for all the other Board members

Current Remuneration Break-Down



¹ Neil G. McBride's term expired in May 2013, but he was entitled to remain in office until the end of the Congress session which ended in December. He is not part of the Board anymore

Contents

- 1 Hydro-Quebec
- 2 BC Hydro
- 3 Manitoba Hydro
- 4 NB Power
- 5 Tennessee Valley Authority
- 6 EDF Group**
- 7 DONG Energy
- 8 Statoil

Company Overview



Company	EDF Group
Headquarters	Paris, France
2013 Revenue¹	€ 75.6 billion (CAD\$ 103.4 billion)
# Employees	159,740
Government Share	French Government 84.49%

Company Description

- EDF Group is a state-owned utility founded in 1946, which focuses on electricity generation and distribution
- Other activities include:
 - » Research
 - » Engineering
 - » Optimization and trading
 - » Products and services
- It is one of the leading electric utilities worldwide with an international presence though majority of its operations are concentrated in Europe

¹ Please note that EDF Group's financial year is from January 1st 2013 to December 31st 2013



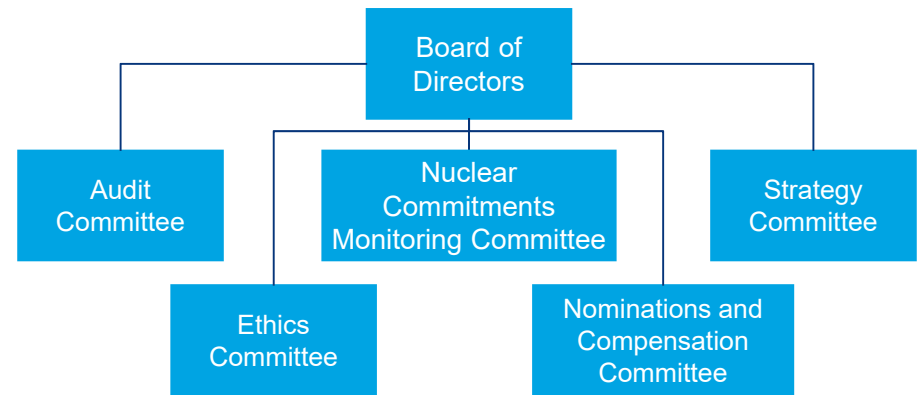
Board of Directors – Appointment Procedure

Key Components

- ◆ Pursuant to French law, 18 directors sit on the Board, of which:
 - » One third is elected by the employees
 - » One third is elected during ordinary general meetings, based on recommendations by the Nominations and Compensation Committee
 - » One third is appointed by decree and represents the French State
- ◆ The chairman is appointed by Presidential decree, based on a proposal of the Board of Directors
- ◆ According to the EDF bylaws, the chairman of the Board is also the CEO of the company
- ◆ The term duration for all Board members is 5 years

Management Bodies and Committees

- ◆ The Board oversees 5 committees:



Board of Directors – Composition and Qualifications



Board Composition and Qualifications

- The Board of Directors consists of:
 - » 6 directors appointed by the EDF' Shareholders' Meeting
 - » 6 directors appointed by the French State
 - » 6 directors elected by the employees
- Pierre-Marie Abadi, Bruno Rossi and Jean-Luc Magnaval also attend the Board meetings in an advisory capacity
- The AFEP-MEDEF Corporate Governance Code recommends that at least one third of the Board members have to be independent¹
 - » The Board has currently 5 members that qualify as such (Mireille Faugère, Philippe Crouzet, Michael Jay, Bruno Lafont and Pierre Mariani)
- The Board has to comprise a balanced representation of women and men

¹ Independent Boards members shall not have any relationship with EDF, its Group or the management of either such as to influence their judgment

- Non-Executive Board Members
- Appointed by the French State
- Executive Board Members

Current Composition of the Board of Directors

Henri Proglia <i>Chairman and CEO</i> (Since Nov 2009)	Philippe Crouzet <i>Board member</i>	Mireille Faugère <i>Board member</i>
Michael Jay <i>Board member</i>	Bruno Lafont <i>Board member</i>	Pierre Mariani <i>Board member</i>
Olivier Appert <i>Board member</i>	David Azema <i>Board member</i>	Denis Morin <i>Board member</i>
Bruno Lechevin <i>Board member</i>	Marie-Christine Lepetit <i>Board member</i>	Pierre Sellal <i>Board member</i>
Christine Chabauty <i>Board member</i>	Sidonie Delalande <i>Board member</i>	Alexandre Grillat <i>Board member</i>
Marie-Hélène Meyling <i>Board member</i>	Jean-Paul Rignac <i>Board member</i>	Maxime Villota <i>Board member</i>

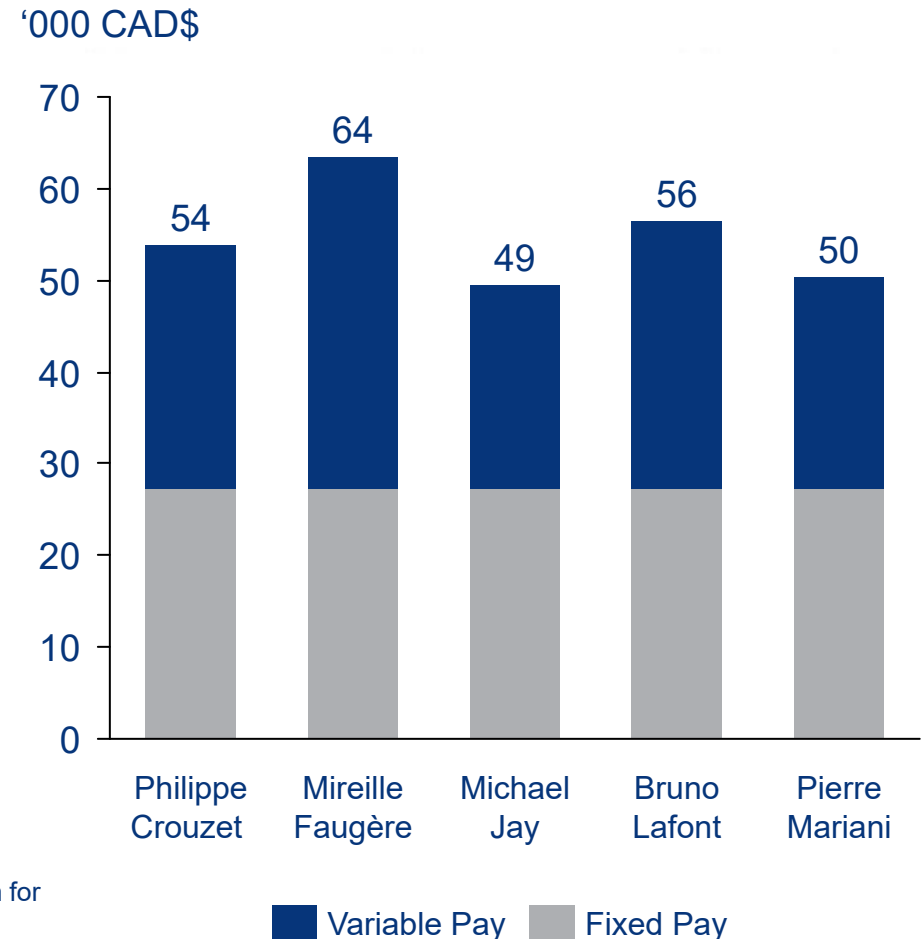
Board of Directors – Remuneration Procedure



Reporting and Guidelines

- The remuneration of shareholder-elected members is approved at the General Shareholders’ meeting, based on recommendations by the Board and is disclosed in the Annual Report at an individual level
- Since 2011, the General Shareholders’ meeting approved the amount of € 200,000 (CAD\$ 273,563) as the annual budget for the shareholder-elected Board members, which is allocated as follows:
 - » A fixed pay of € 100,000 (CAD\$ 136,781) shared equally
 - » A variable pay of €100,000 (CAD\$ 136,781) allocated depending on the type of meeting (Board or Committee) and the specific functions of each director (chairman or ordinary member)
- Pursuant to French law, the Chairman of the Board does not receive any remuneration for his role on the Board¹, nor do the employee-elected and state-appointed members

2012 Remuneration Break-Down²



¹ Since the Chairman is also the CEO of the company, he/she is paid a remuneration for his/her services as the CEO. The amount of this remuneration is set by the Board of Directors on the recommendation of the Appointments and Remunerations Committee, as approved by the French Minister for the Economy and for Energy. In 2012, Henri Proglio received a total of € 1,6 million (CAD\$ 2.2 million) for his services as the CEO.

² For the second half of 2011 and the first half of 2012



Contents

- 1 Hydro-Quebec
- 2 BC Hydro
- 3 Manitoba Hydro
- 4 NB Power
- 5 Tennessee Valley Authority
- 6 EDF Group
- 7 DONG Energy**
- 8 Statoil

Company Overview



Company	Dong Energy
Headquarters	Fredericia, Denmark
2013 Revenue¹	73,105 DKK million (CAD\$ 13,408 million)
# Employees	6,692
Government Share	Government of Denmark 57%

Company Description

- DONG Energy is an integrated, state-owned oil and gas company that was established in 2006 by the merger of six Danish energy companies: DONG, Elsam, Energi E2, Nesa, Københavns Energi and Frederiksberg Forsyning
- Its activities include:
 - » Oil and natural gas exploration and production
 - » Electricity generation at power stations and renewable energy facilities
 - » Natural gas and electricity distribution
 - » Sales and energy advice
- DONG Energy's activities are focused on North West Europe, i.e. Denmark, Norway, the West of Shetland area, the Faroe Islands and Greenland

¹ Please note that DONG Energy's financial year is from January 1st 2013 to December 31st 2013

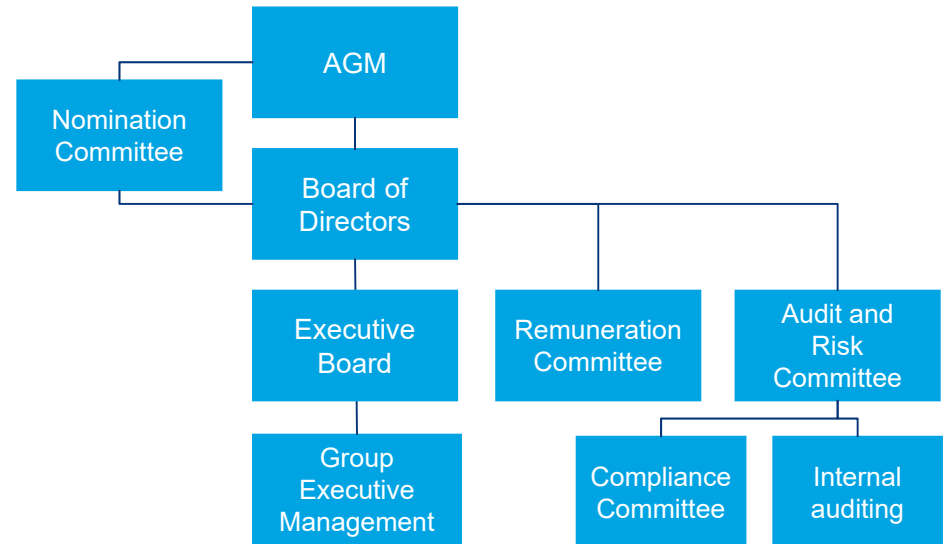
Board of Directors – Appointment Procedure



Key Components

- Six to eight members of the Board of Directors are elected by the shareholders during the Annual General Meeting (AGM), based on recommendations sent by a Nomination Committee¹
 - » The recommendations are sent to all shareholders not later than 2 weeks prior to the date of the AGM
- An additional number of members are elected by the employees according to legislation
- For Board members elected by the shareholders, the term duration ends at each year’s AGM. However, they are eligible for re-election

Management Bodies and Committees



¹ The Nomination Committee consists of the chairman and the deputy chairman of the Board and up to four shareholders representatives appointed by the company’s largest shareholders

Board of Directors – Composition and Qualifications



Board Composition and Qualifications

- DONG’s Board of Directors consists of six to eight members elected by the shareholders and an additional number of members elected by the employees according to legislation
- Shareholders need to ensure that the elected representatives have the required professional know-how concerning DONG’s core business activities in the field of energy
- At least half of the Board members elected by the AGM have to be *independent* persons, in order for the Board to be able to act independently of special interests
- No retirement age for members of the Board of Directors. However, DONG Energy has elected to include age as a parameter in the overall assessment of Board members and new candidates
- Current Board members are all Danish except for Martin Hintze. We have not found any article stating Danish nationality as a requisite

Executive Board Members
 Non-Executive Board Members

Current Composition of the Board of Directors

<p>Benny D. Loft <i>Chairman</i> (2012 – 2015)¹</p>	<p>Jørn P. Jensen <i>Deputy Chairman</i> (2010 – 2015)²</p>
<p>Pia Gjellerup <i>Board member</i> (2012 – 2015)</p>	<p>Martin Hintze <i>Board member</i> (2014 – 2015)</p>
<p>Poul Arne Nielsen <i>Board member</i> (2006 – 2015)</p>	<p>Claus Wiinblad <i>Board member</i> (2014 – 2015)</p>
<p>Hanne Sten Andersen <i>Employee-elected board member</i> (2007 – 2018)</p>	<p>Poul Dreyer <i>Employee-elected board member</i> (2014 – 2018)</p>
<p>Benny Gøbel <i>Employee-elected board member</i> (2011 – 2018)</p>	<p>Jens Nybo Stilling Sørensen <i>Employee-elected board member</i> (2007 – 2018)</p>

¹ Joined the Board in 2012, elected as Chairman in 2014

² Joined the Board in 2010, elected as Deputy Chairman in 2014



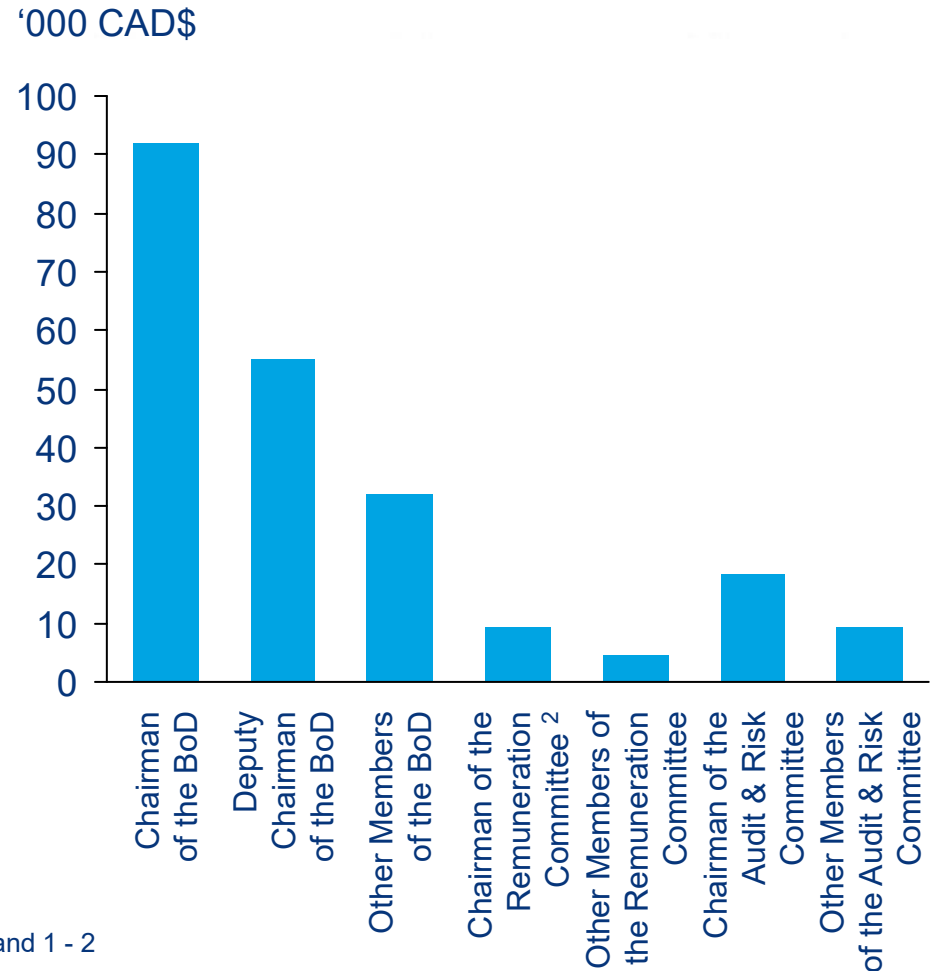
Board of Directors – Remuneration Procedure



Reporting and Guidelines

- The remuneration is disclosed in the Annual General Meeting minutes and is based on recommendation by the Remuneration Committee¹
- The remuneration of members of the Board of Directors is decided on an annual basis for each financial year and is to be approved by the Annual General Meeting
- It does not include share options and is based on a fixed remuneration only, except for members of the Board of Directors elected by the employees which may benefit from share-based incentive schemes applying to DONG employees
- Remuneration for the Chairman and Deputy Chairman is reflective of their higher authority on the Board of Directors
- To date, Board members are not entitled to buy shares in DONG Energy

Current Remuneration Break-Down



¹ The Remuneration Committee consists of the Chairman of the Board of Directors and 1 - 2 Board members

² The Chairman of the Board of Directors is by definition also the Chairman of the Remuneration Committee

Contents

- 1 Hydro-Quebec
- 2 BC Hydro
- 3 Manitoba Hydro
- 4 NB Power
- 5 Tennessee Valley Authority
- 6 EDF Group
- 7 DONG Energy
- 8 Statoil**

Company Overview



Company	Statoil
Headquarters	Stavanger, Norway
2013 Revenue¹	637.4 NOK billion (CAD\$ 111 billion)
# Employees	23,400
Government Share	Government of Norway 67%

Company Description

- Statoil is a fully integrated, state-owned oil and gas company that was established in 1972 and which merged with Norsk Hydro's oil and gas division in October 2007
- While exploration remains a core part of the company's strategy, Statoil has also other activities, such as:
 - » Procurement
 - » Monitoring pipelines
 - » Refining
 - » Trading
 - » Decommissioning
- Statoil is listed on the New York and Oslo stock exchanges

¹ Please note that Statoil's financial year is from January 1st 2013 to December 31st 2013

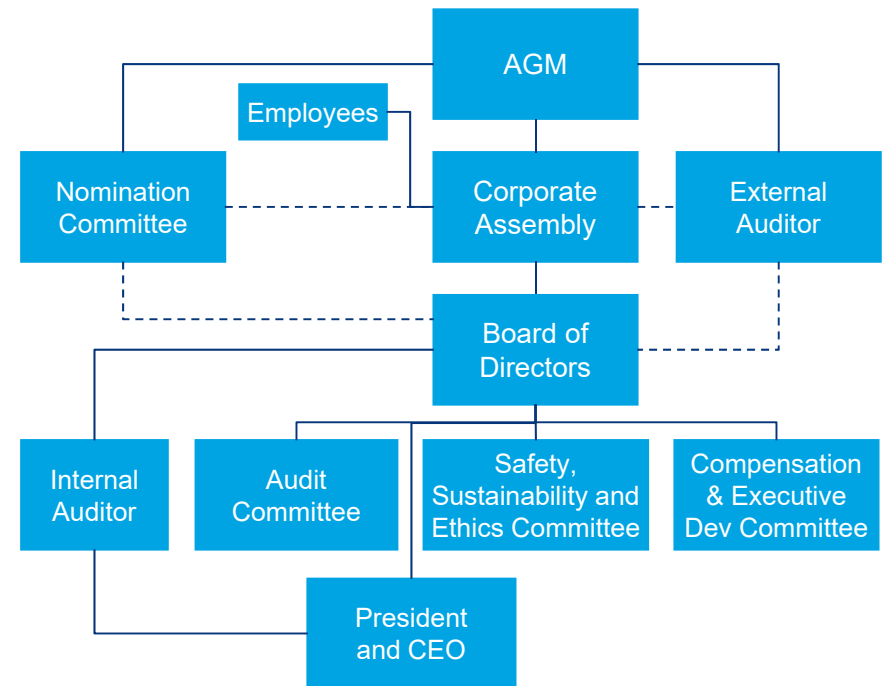
Board of Directors – Appointment Procedure



Key Components

- On the basis of nominations by the Nomination Committee¹, the shareholder representatives at the Board, including the Chairman and the Deputy Chairman, are elected by the Corporate Assembly
 - » The corporate assembly consists of 18 members:
 - 12 members are nominated by the Nomination Committee and elected by the shareholders at the Annual General Meeting
 - 6 members elected by and from among the employees
- An additional number of members are elected by the employees according to legislation
- Statoil's Board establishes three sub-committees which act as preparatory bodies and which consist entirely of Board members
- The term duration of a shareholder-elected Board member cannot exceed two years, after what the Corporate Assembly evaluates the member's re-election based on its expertise, independence and attendance at Board meetings

Management Bodies and Committees



----- Nomination
 _____ Election

¹ The Nomination Committee currently consists of three members who are shareholders or elected by the shareholders

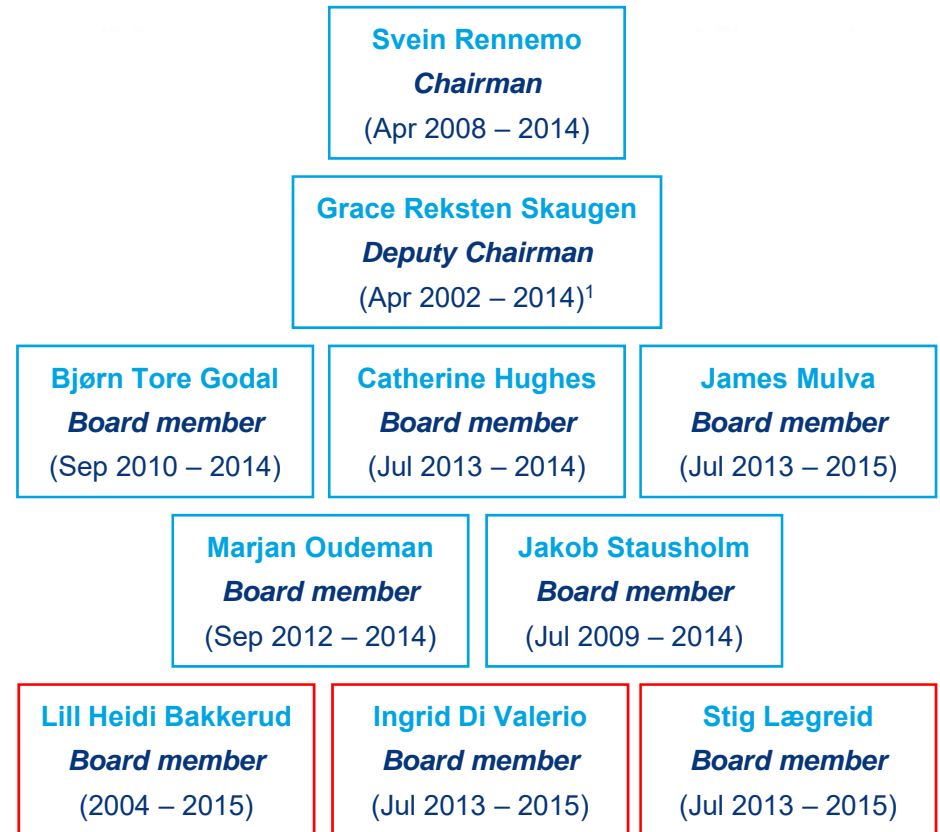
Board of Directors – Composition and Qualifications



Board Composition and Qualifications

- Statoil’s Board consists of 9 to 11 members
 - » The current Board consist of 7 shareholder-elected members and 3 employee-elected members
- In accordance with The Norwegian Code of Practice for Corporate Governance, the Board of Directors has to fulfil the following qualifications:
 - » Appropriate expertise and sufficient time to carry out its tasks
 - » Diversity of background of the members
 - 5 Board members are women
 - 4 Board members are non Norwegians, resident outside of Norway
 - » Independence
- Shareholder-elected Board members have to be independent
- Employee-elected Board members have deputy members
- Statoil’s CEO cannot be a member of the Board

Current Composition of the Board of Directors



¹ Joined the board in 2002; year of election as Deputy Chairman not found

Executive Board Members
 Non-Executive Board Members



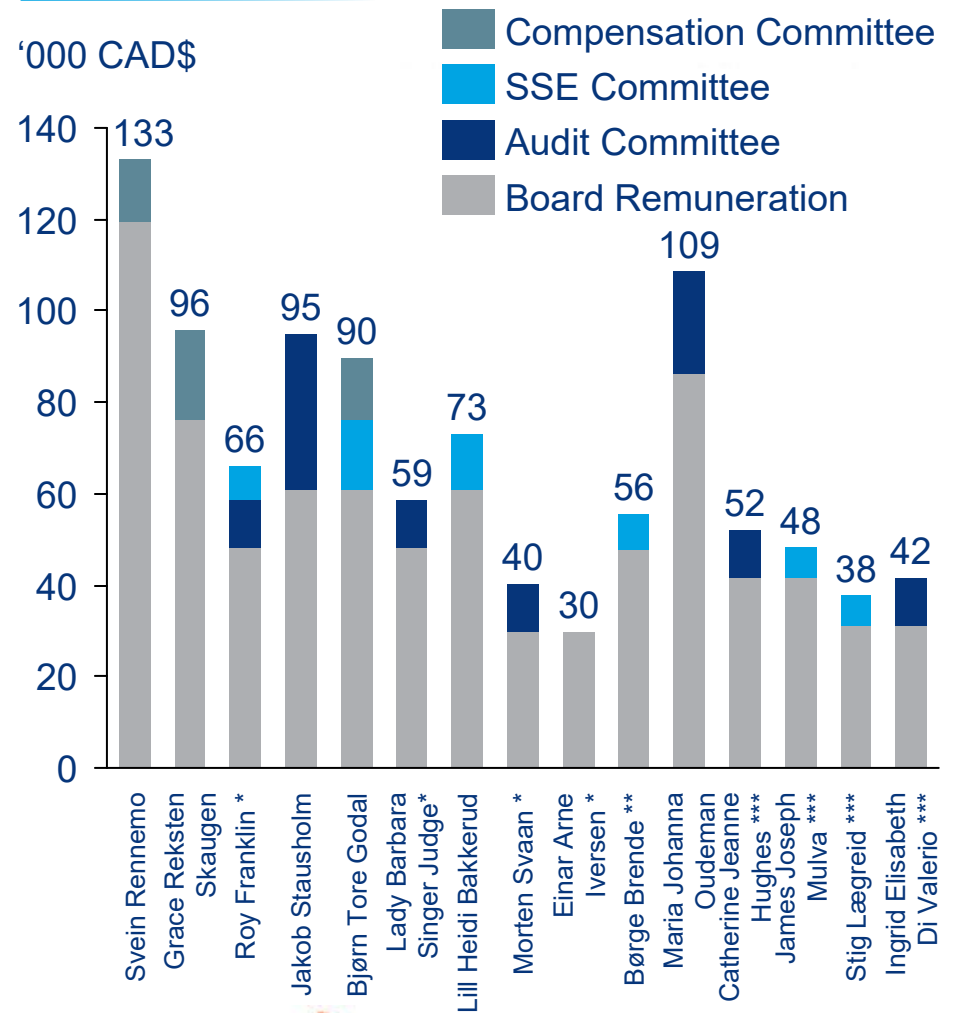
Board of Directors – Remuneration Procedure



Reporting and Guidelines

- Information about the individual remuneration of each member of the Board is disclosed in the parent company financial statements
- The remuneration of the Board members and of the members of the sub-committees is decided by the Corporate Assembly, based on a recommendation from the Nomination Committee
- The total remuneration to the Board, including fees for the Board's three sub-committees, was CAD\$ 1.0 million (NOK 5.8 million) in 2013

Current Remuneration Break-Down



* Member until and including 30 June 2013

** Members until and including 15 October 2013

*** Member from 1 July 2013



Disclaimer

Strictly Private & Confidential

- ◆ **This report has been prepared for the Department of Natural Resources of the Government of Canada (Newfoundland and Labrador) by Wood Mackenzie Limited. The report is intended solely for the benefit of Department of Natural Resources of the Government of Canada (Newfoundland and Labrador) and its contents and conclusions are confidential and may not be disclosed to any other persons or companies without Wood Mackenzie's prior written permission.**
- ◆ **The information upon which this report is based has either been supplied to us by Department of Natural Resources of the Government of Canada (Newfoundland and Labrador) or comes from our own experience, knowledge and databases. The opinions expressed in this report are those of Wood Mackenzie. They have been arrived at following careful consideration and enquiry but we do not guarantee their fairness, completeness or accuracy. The opinions, as of this date, are subject to change. We do not accept any liability for your reliance upon them.**



Europe +44 131 243 4400

Americas +1 713 470 1600

Asia Pacific +65 6518 0800

Email contactus@woodmac.com

Website www.woodmac.com



Wood Mackenzie* is a global leader in commercial intelligence for the energy, metals and mining industries. We provide objective analysis and advice on assets, companies and markets, giving clients the insight they need to make better strategic decisions. **For more information visit: www.woodmac.com**

*WOOD MACKENZIE is a Registered Trade Mark of Wood Mackenzie Limited