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**CORPORATE GOVERNANCE**

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**BOARD OF DIRECTORS**

The principal functions of Nalcor Energy's Board of Directors include:

- (a) developing Nalcor's approach to corporate governance;
- (b) reviewing and approving the business, financial, strategic and other plans to enable Nalcor to execute its strategy;
- (c) adopting processes for monitoring the company's progress toward its strategic and operational goals;
- (d) approving the audited financial statements and Management's Discussion and Analysis;
- (e) ensuring that Management has a process for identifying the principal business risks;
- (f) overseeing the integrity of the internal control systems;
- (g) ensuring that Nalcor has processes for operating within applicable laws and regulations;
- (h) ensuring the company has a compensation philosophy and framework;
- (i) ensuring a process is in place to measure the performance of senior executives of Nalcor;
- (j) ensuring Management creates a culture of integrity throughout the organization; and
- (k) ensuring that succession plans are in place for senior Management, including the President and CEO.

The Board also has four standing committees:

1. Audit<sup>1,2</sup>
2. Corporate Governance<sup>1</sup>
3. Human Resources and Compensation
4. Safety, Health, Environment and Community<sup>2</sup>

Nalcor has the following subsidiary companies (in addition to Newfoundland and Labrador Hydro), each with its own Board of Directors (listed as at Dec. 31, 2018).<sup>3</sup>

<sup>1</sup> Newfoundland and Labrador Hydro has its own Audit Committee and Corporate Governance Committee.

<sup>2</sup> Churchill Falls (Labrador) Corporation Limited has its own Audit Committee and Safety, Health and Environment Committee.

<sup>3</sup> Excludes currently inactive legal entities Gull Island Power Company Limited and Lower Churchill Development Corporation Limited.

## CORPORATE GOVERNANCE

## CHURCHILL FALLS (LABRADOR) CORPORATION LIMITED

**BRENDAN PADDICK**

Chairperson  
CEO, Columbus Capital Corp.

**DAVID MURRAY**

COO, President, Hydro-Québec Production

**PIERRE GAGNON**

Executive Vice President, Corporate Affairs and Chief  
Governance Officer, Hydro-Québec

**JOHN GREEN**

Lawyer, McInnes Cooper

**STAN MARSHALL**

President and CEO, Nalcor Energy

**BOB WARR**

Managing Director, Nor-Lab Limited

**GEOFF GOODYEAR**

Retired

**DAVID OAKE**

President, Invenio Consulting Inc.

## NALCOR ENERGY – OIL &amp; GAS INC.

**BRENDAN PADDICK**

Chairperson  
CEO, Columbus Capital Corp.

**JUSTIN LADHA**

Vice President, KMK Capital Inc.

**MARK MACLEOD**

Formerly President and CEO, C-Core

**STAN MARSHALL**

President and CEO, Nalcor Energy

**BRIAN MAYNARD**

Retired Oil and Gas Executive

## NALCOR ENERGY – BULL ARM FABRICATION INC.

**EDNA TURPIN**

Chairperson  
Psychologist/Corporate Director

**MARK MACLEOD**

Formerly President and CEO, C-Core

**STAN MARSHALL**

President and CEO, Nalcor Energy

**DEBBIE MOLLOY**

Vice President, Corporate Services, Eastern Health

**DAVID OAKE**

President, Invenio Consulting Inc.

## TWIN FALLS POWER CORPORATION LIMITED

**ROBERT HULL**

President  
Director, Commercial Management and Integration,  
Nalcor Energy

**VAN ALEXOPOULOS**

Director, Commercial Services, Iron Ore Company of Canada

**ORAL BURRY**

Manager, Safety, Health and Environment, CF(L)Co

**JEANNINE FITZGERALD**

Senior Manager, Commercial and Strategy,  
Nalcor Energy

**MAURICE MCCLURE**

Vice President, Finance and Strategy, Iron Ore Company  
of Canada

**JIM MEANEY**

Vice President, Finance, Power Supply, Nalcor Energy

**MIKE ROBERTS**

Chief Human Resources Officer and Vice President,  
Safety, Health and Sustainability, Nalcor Energy

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**CORPORATE GOVERNANCE**


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**LOWER CHURCHILL MANAGEMENT CORPORATION**
**JOHN MACISAAC \***

Chairperson  
Executive Vice President, Power Supply, Nalcor Energy

**GILBERT BENNETT**

Executive Vice President, Power Development, Nalcor Energy

**STAN MARSHALL**

President and CEO, Nalcor Energy

**JUNE PERRY**

President and CEO, Pilot Communications

**MIKE ROBERTS**

Chief Human Resources Officer and Vice President,  
Safety, Health and Sustainability, Nalcor Energy

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**LABRADOR-ISLAND LINK GENERAL PARTNER CORPORATION**  
(General Partner of Labrador-Island Link Limited Partnership)
**JOHN GREEN**

Chairperson  
Lawyer, McInnes Cooper

**LIBBY BURNHAM**

Lawyer

**RON ELLSWORTH**

Business Person

**STAN MARSHALL**

President and CEO, Nalcor Energy

**EDNA TURPIN**

Psychologist/Corporate Director

**GEOFF GOODYEAR**

Retired

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**LABRADOR-ISLAND LINK HOLDING CORPORATION**
**JACK HILLYARD**

Chairperson  
Retired BMO Executive

**SHEILA KELLY-BLACKMORE**

Business Person

**JOHN MACISAAC**

Executive Vice President, Power Supply, Nalcor Energy

**DERRICK STURGE**

Executive Vice President, Finance and Chief Financial Officer,  
Nalcor Energy

**BRENDAN PADDICK**

CEO, Columbus Capital Corp.

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**LABRADOR-ISLAND LINK OPERATING CORPORATION**
**BRENDAN PADDICK**

Chairperson  
CEO, Columbus Capital Corp.

**CHRISTOPHER HICKMAN**

CEO, Marco Group of Companies

**CHRIS LOOMIS**

Professor (Retired), Memorial University of Newfoundland  
and Labrador

**DAVID OAKE**

President Invenio Consulting Inc.

**DESMOND WHALEN**

Medical Doctor, Faculty of Medicine, Memorial University  
of Newfoundland and Labrador

**GEOFF GOODYEAR**

Retired

\* As of publication date, no longer in this position (effective February 15, 2019).

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**CORPORATE GOVERNANCE**

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**LABRADOR TRANSMISSION CORPORATION**

**RONALD COLE**  
Chairperson  
Lawyer, Cole Law Offices

**JOHN MACISAAC \***  
Executive Vice President, Power Supply, Nalcor Energy

**STAN MARSHALL**  
President and CEO, Nalcor Energy

**DERRICK STURGE**  
Executive Vice President, Finance and Chief Financial Officer,  
Nalcor Energy

**BRENDAN PADDICK**  
CEO, Columbus Capital Corp.

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**MUSKRAT FALLS CORPORATION**

**CHRISTOPHER HICKMAN**  
Chairperson  
CEO, Marco Group of Companies

**RICHARD DAW**  
Chartered Professional Accountant,  
Certified Management Consultant

**JACK HILLYARD**  
Retired BMO Executive

**STAN MARSHALL**  
President and CEO, Nalcor Energy

**JOHN QUAICOE**  
Professor, Faculty of Engineering and Applied Science,  
Memorial University of Newfoundland and Labrador

**EDNA TURPIN**  
Psychologist/Corporate Director

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**NALCOR ENERGY MARKETING CORPORATION**

**BRIAN MAYNARD**  
Chairperson  
Retired Oil and Gas Executive

**GREGORY CONNORS**  
Lawyer, McInnes Cooper

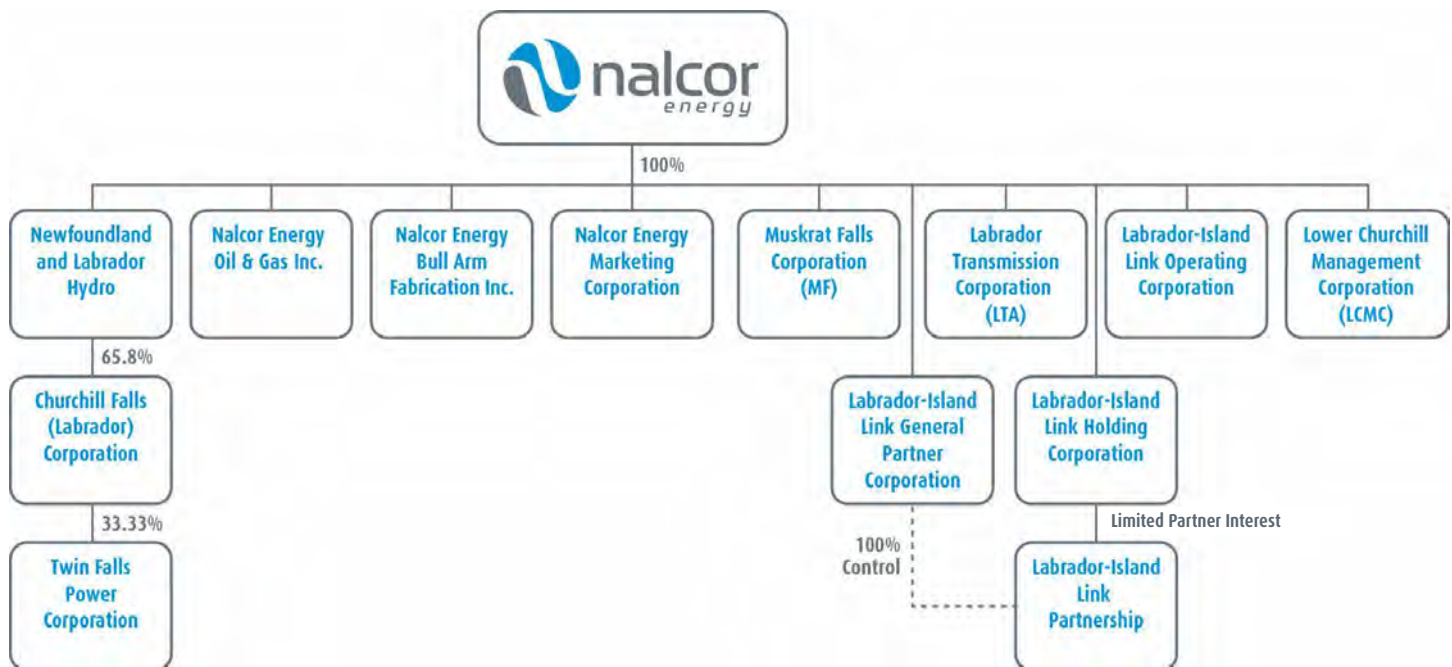
**JOHN GREEN**  
Lawyer, McInnes Cooper

**STAN MARSHALL**  
President and CEO, Nalcor Energy

**DEBBIE MOLLOY**  
Vice President, Corporate Services, Eastern Health

\* As of publication date, no longer in this position (effective February 15, 2019).

## CORPORATE GOVERNANCE



## AUDIT COMMITTEE

The Audit Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the integrity of Nalcor's financial statements, financial reporting process and systems of internal controls regarding finance, accounting, and legal compliance;
- Identify and monitor the management of the principal risks that could impact the financial reporting of Nalcor;
- Appoint, approve compensation, and monitor the independence and performance of Nalcor's external auditors;
- Monitor the compliance by Nalcor with legal and regulatory requirements;
- Provide an avenue of communication among the external auditors, management, and the Board of Directors; and
- Encourage continuous improvement of, and foster adherence to, Nalcor's policies, procedures and practices at all levels.

## CORPORATE GOVERNANCE

### CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee's primary duties and responsibilities are to:

- a) Develop governance principles for Nalcor and its subsidiaries that are consistent with high standards of corporate governance and review and assess on an ongoing basis Nalcor's system of corporate governance;
- b) Identify and recommend candidates for appointment to the Nalcor Boards in the event of a vacancy;
- c) Review and recommend a process for Director orientation, assessment, and compensation; and
- d) Enterprise Risk Management with respect to Nalcor and its subsidiaries.

### HUMAN RESOURCES AND COMPENSATION COMMITTEE

The Human Resources and Compensation Committee's primary duties and responsibilities are to:

- a) Establish and maintain a compensation philosophy and framework for Nalcor;
- b) Consider Nalcor's approach to and policies for recruiting, developing and motivating Executives and executive compensation and human resources issues;
- c) With the Chair of the Board of Directors, undertake an annual performance review of the President and CEO of Nalcor and report and/or make recommendations to the Board of Directors;
- d) Review and assess annually corporate performance metrics;
- e) Review and assess annually Nalcor's succession planning policies and practices for Executives, and report and/or make recommendations to the Board of Directors;
- f) Review the approach to employment diversity and inclusion;
- g) Review compliance with Nalcor's Code of Conduct; and
- h) Review Nalcor's labour relations strategies and recommend to the Board of Directors negotiating mandates for collective bargaining.

### SAFETY, HEALTH, ENVIRONMENT AND COMMUNITY COMMITTEE

The Safety, Health, Environment and Community Committee's primary duties and responsibilities are to:

- a) Review and report to the Board of Directors on Nalcor's maintenance of safety, environment and health policies, procedures and practices and in the conduct of its operation, directed to prevent injury to its employees, the public and the environment;
- b) Review with Management whether Nalcor's safety, environment and health policies are being effectively implemented and in compliance with statutory and regulatory requirements;
- c) Review the findings of reports arising from internal and external audits and assessments of safety, environment and health issues, together with Management's response thereto and oversee to ensure that there is an agreed course of action leading to the resolution of any concerns, deficiencies or outstanding issues and timely follow-up on any unresolved matters;
- d) Review with Management the impact of proposed legislation in matters of safety, environment and health on the operations of Nalcor;
- e) Review and approve annually the safety and environmental audit plans by Nalcor and external auditors and review of annual Corporate safety performance and Corporate environmental report;
- f) Review with Management and make recommendations to the Board of Directors as appropriate on Nalcor's safety, environment, health and community programs, policies and procedures and any other matters relating to safety, environment, health and community that it considers relevant; and
- g) Meet with the Vice-President/Manager responsible at least annually to review safety, environmental, health or community matters that could have a material impact on Nalcor's reputation, business or financial position and report to the Board of Directors thereon in a timely manner.

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**CORPORATE GOVERNANCE**

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**POLICY ON INDEPENDENCE OF EXTERNAL AUDITORS**

The External Auditor Independence Policy is a policy governing Nalcor Energy and its subsidiaries' relationship with the External Auditor, including:

- a) establishing a process for determining whether various non-audit and other services provided by the External Auditor affects its independence;
- b) identifying the services that the External Auditor may and may not provide to Nalcor;
- c) pre-approving all services to be provided by the External Auditor; and
- d) establishing a process for hiring current or former members of the Audit Management Team of the External Auditor in a financial reporting oversight role to ensure auditor independence is maintained.

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**EXTERNAL AUDITOR'S FEES**

The external auditor of Nalcor and its subsidiaries is Deloitte. Deloitte has been the external auditor since 2003. Professional fees incurred in 2018 in connection with audit and audit-related services were \$1.0 million (2017 - \$1.0 million) and fees related to non-audit services were \$0.1 million (2017 - \$nil).