

EXECUTIVE EMPLOYMENT AGREEMENT

BETWEEN

NALCOR ENERGY

AND

STANLEY MARSHALL

EFFECTIVE APRIL 21, 2016

EXECUTIVE EMPLOYMENT AGREEMENT

THIS AGREEMENT made at St. John's, in the Province of Newfoundland and Labrador, on the 9th day of August, 2016.

BETWEEN: **NALCOR ENERGY**, a body corporate constituted pursuant to the *Energy Corporation Act*, S.N.L. 2007, c. E-11.01 and having its Head Office at Hydro Place, St. John's;

(hereinafter called "Nalcor")

OF THE ONE PART

AND: **STANLEY MARSHALL**, of Paradise, in the Province of Newfoundland and Labrador;

(hereinafter called the "Executive")

OF THE SECOND PART

WITNESSETH for and in consideration of the mutual covenants and agreements hereinafter contained and all other considerations hereinafter mentioned, the parties hereto agree as follows:

APPOINTMENT AND TERMS OF EMPLOYMENT

1. In accordance with Orders-in-Council 2016-050 and 2016-051, the Executive has been appointed as Chief Executive Officer of Nalcor Energy and Chief Executive Officer of Newfoundland and Labrador Hydro (NLH). In addition, in accordance with s. 12 of the *Energy Corporation Act*, the Executive has been appointed President of Nalcor Energy by the Board of Directors of that Corporation. The Executive may be appointed as an officer of subsidiaries of Nalcor and NLH, as may be determined by the Boards of Directors of those companies. Such appointments are subject to the terms and conditions hereinafter mentioned.

2. In his capacity as President and Chief Executive Officer of Nalcor and Chief Executive Officer of NLH, the Executive shall be a member of the Board of Directors of Nalcor (the "Board") and the Board of Directors of NLH, and a member of the Board of Directors of such of Nalcor's and NLH's subsidiaries as may be determined by the Boards of Nalcor and NLH respectively.

3. In accordance with the *Energy Corporation Act* and subject to the by-laws of Nalcor and regulations passed or approved by the Board, the Executive shall perform such duties and exercise such powers commensurate with his office as may, from time to time, be determined by the Board, and, without limitation, the Executive shall:

(a) well, faithfully, honestly and diligently serve Nalcor and use his best efforts to promote the interests of Nalcor and devote his full time, skill and attention to the operation of Nalcor, except during holidays, or in the case of illness or accident; and

(b) report to the Board and shall observe all reasonable directions of the Board.

CONFLICT OF INTEREST

4. (a) The Executive shall not acquire or hold, directly or indirectly, an interest in any firm, partnership, association, entity or corporation, the business or operations of which would in any manner, directly or indirectly, compete or conflict with the business or operations of Nalcor, NLH or a company considered to be a subsidiary of Nalcor in accordance with section 13 of the *Energy Corporation Act*, with the exception to the foregoing being that the Executive may own 5% or less of the shares of a publically traded company; and

(b) The Executive hereby confirms that he is not currently subject to any activity or interest which would be in conflict with his employment pursuant to the terms of this Agreement and the *Conflict of Interest Act, 1995* and will not, during the Term of this Agreement, engage in any activity that would put him in any such conflict. The Executive shall, upon proposing to undertake an activity or interest that may contravene the *Conflict of Interest Act, 1995*, SNL 2005, c.C-30.1, or upon becoming aware that an activity already undertaken may contravene the *Conflict of Interest Act, 1995*, disclose in writing full particulars of the activity to the Minister as required by that Act.

TERM OF EMPLOYMENT AND REMUNERATION

5. The employment of the Executive in accordance with this Agreement is effective April 21st, 2016, hereinafter called the "commencement date", and shall terminate on April 20th, 2020 (the "Term").

6. The Executive shall be paid, commencing on the commencement date as hereinafter established, an annual base salary of \$525,000 for the Term.

7. The Executive shall also be paid an annual short term incentive of thirty percent (30%) of the annual base salary (\$157,500) through an incentive plan, for a total annual cash compensation of \$682,500.

8. If the Executive wishes to extend his employment with Nalcor beyond April 20th, 2020, he shall so advise the Chair of the Board by at the latest October 20th, 2019. Any renewal or extension of this

Agreement shall be in accordance with the *Independent Appointments Commission Act*, SNL 2016, c.l-2.1.

EXPENSES & BENEFITS

9. Nalcor shall reimburse the Executive for all reasonable travel and other expenses incurred by him in connection with the execution of his duties under this Agreement. The Executive shall provide Nalcor with statements and receipts in respect of such expenses as required by Nalcor's policies in effect from time to time.

10. Nalcor shall pay the Executive an annual car allowance of \$12,470.00 for the Term.

11. During the Term, the Executive shall be entitled to participate, on the same basis and subject to the same qualifications, terms and conditions as other executives of Nalcor in any life insurance, accidental death and dismemberment insurance, voluntary personal accident insurance, dental insurance, hospitalization and other medical benefit insurance and such other employee benefit plans in effect with respect to executives of Nalcor.

12. The Executive shall be entitled to fifty (50) days annual leave in each year during the Term. The year is defined as the annual anniversary of the commencement date. It is understood and agreed that the Executive may carry forward any unused vacation which may have accrued during the year. The Board may approve the use of up to ten (10) days of accrued unused annual leave in addition to annual leave in any year and all unused vacation, without a limitation, shall be paid out upon termination or expiry of this Agreement.

13. The Executive shall be entitled to all statutory holidays observed by Nalcor.

PENSION BENEFITS & DEFERRED COMPENSATION (IN LIEU OF PENSION)

14. Nalcor agrees to provide the Executive, in accordance with the *Income Tax Act (Canada)*, a contribution to the Executive's Registered Retirement Savings Plan (herein called "RRSP"), under the following terms:

(a) The Executive and Nalcor agree to equal contributions towards the Executive's RRSP. Nalcor agrees that its contribution will be up to 9% of the Executive's salary, but shall not exceed half of the annual maximum RRSP deduction limit established under the *Income Tax Act* (and in the event that the Executive works for only a part of a taxation year, the contribution of Nalcor will be prorated accordingly). The annual RRSP contribution shall be made in one payment and will be processed between January 1 and the last day of February each year commencing in 2017; and

(b) The Executive shall provide proof, satisfactory to Nalcor, of his contribution to the RRSP.

15. In lieu of all other pension benefits the Executive shall participate in the Executive Deferred Compensation Plan. For the purposes of this contract, the payout will be set to target, which is defined as 30% of the annual base salary, for each year of service (prorated for partial years), with a vesting period of 3 years. The first such payment will be made to the executive on April 21, 2019, for an amount equal to \$157,500, with subsequent annual payments to be made in April 2020, April 2021 and April 2022.

CONFIDENTIALITY

16. (a) "Confidential Information" means any trade secrets or other information however communicated, disclosed to the Executive or obtained by the Executive through observation or examination of Nalcor's policies, procedures or materials related to its business or operations which derives economic value from not being generally known to or readily ascertainable by other persons who can obtain value from its disclosure or use, or any of the foregoing as they relate to NLH or any of Nalcor's subsidiaries within the meaning of the *Energy Corporation Act*.

(b) The Executive acknowledges that irreparable injury or damage will result to Nalcor upon the disclosure of Confidential Information to third parties or utilization of same for any purpose other than as contemplated by this Agreement.

(c) The Executive will not, without the prior written consent of Nalcor, disclose any Confidential Information to any third party and will not use the Confidential Information except pursuant to and in the course of the Executive's association with Nalcor for the benefit of Nalcor, provided however, that the Executive shall have no liability to Nalcor for any disclosure of any Confidential Information if the Executive can establish that such Confidential Information:

(i) is publicly known, available or published, without breach of this Agreement by the Executive, or

(ii) has become known lawfully by or has become lawfully known to the Executive prior to disclosure of such information to the Executive by Nalcor, NLH or one of its subsidiaries (within the meaning of the *Energy Corporation Act*) as evidenced by written documents received by the Executive prior to such disclosure to the Executive, or

(iii) has been rightfully and lawfully received by the Executive from third parties, or

(iv) has been independently developed without reference to or use of the Confidential Information, or

(v) has been disclosed in accordance with the law.

(d) The Executive agrees that all restrictions and covenants contained in this Clause 16 are reasonable and valid and all defences to the strict enforcement thereof by Nalcor, NLH or its subsidiaries (within the meaning of the *Energy Corporation Act*) which are founded upon reasonableness or validity of the restrictions and covenants are hereby waived by the Executive.

TERMINATION

17. (a) This Agreement may be terminated at any time:

(i) by written notice to the Executive by Nalcor; or

(ii) by the Executive upon three months notice, in writing, to Nalcor;

(b) Upon termination, the Executive shall receive pay for salary, compensation and paid leave that has been accrued to:

(i) the date of the written notice provided in accordance with 17(a)(i) of this Agreement; or

(ii) the last day of employment in accordance with 17(a)(ii) of the Agreement.

Payment for paid leave shall be calculated at the annual base salary rate set out in Clause 6 herein; and

(c) The Executive agrees that benefits paid to him in accordance with this Agreement are in full and final satisfaction of all payments to which he is entitled from all sources. The Executive expressly waives any right or entitlement, at law or equity, to any notice or pay in lieu of notice, severance or any other amount of salary or benefits that may be payable as a result of the termination of employment, other than as specifically prescribed by this Agreement.

MISCELLANEOUS

18. For a period of two years after the termination of the employment of the Executive pursuant to this Agreement for any reason whatsoever or four years from the date of the commencement date, whichever period is the longer, the Executive shall not, on his own behalf or on behalf of any other person, partnership, association, corporation or other entity, hire or solicit or in any manner attempt to influence or induce any employee of Nalcor or its subsidiaries within the meaning of the *Energy Corporation Act* or NLH to leave the employment of Nalcor, NLH or such subsidiaries, and he shall not use or disclose to any person, partnership, association, corporation or other entity any information obtained while an employee of Nalcor concerning the names and addresses of Nalcor's employees.

19. Any written notice or request by Nalcor may be delivered personally to the Executive or sent by registered mail addressed to the Executive's last address in Nalcor's personnel records. If mailed, in the absence of proof of earlier receipt, such notice or request shall be deemed to have been given on the

second day following, excluding Saturday, Sunday and statutory holidays, but including the day such notice or request was mailed. Any written notice or request by the Executive may be delivered personally to the Corporate Secretary of Nalcor or sent by registered mail addressed to Nalcor's Head Office at:

Attention: Corporate Secretary
Hydro Place, 500 Columbus Drive
St. John's, Newfoundland and Labrador

If mailed, in the absence of proof of earlier receipt, such notice or request shall be deemed to have been given on the second day following, excluding Saturday, Sunday and statutory holidays, but including the day such notice or request was mailed.

20. No delay or omission of either of the parties to exercise any right or power accruing upon any default or breach under this Agreement shall impair any such right or power or shall be construed to be an acquiescence therein or waiver of any such default or breach or of any right or power accruing upon any such default or breach or on any subsequent default or breach under this Agreement.

21. This Agreement may be executed in counterparts, each of which so executed shall be deemed to be an original, and all such counterparts shall constitute but one and the same instrument.

22. Neither of the parties shall assign, in whole or in part, this Agreement or its rights or obligations hereunder, without the prior consent in writing of the other party.

23. None of the conditions, covenants, or agreements contained in this Agreement may be waived in whole or in part unless such waiver be in writing and signed by the party in whose favour the representations, warranties, conditions, covenants, or agreements so waived operate.

24. This Agreement constitutes the entire agreement between the parties hereto and neither of the parties hereto is bound by any representation, warranty, promise, discussion, agreement or inducement not embodied or contained in this Agreement.

25. This Agreement shall be governed by and construed in accordance with the laws of the Province of Newfoundland and Labrador and the federal laws of Canada applicable therein, and subject to the provisions respecting mediation and arbitration set out herein the Courts of the Province of Newfoundland and Labrador shall have jurisdiction to entertain any action or other legal proceedings based on any provisions of this Agreement. Each party hereto does hereby attorn to the jurisdiction of the Courts of Newfoundland and Labrador.

26. This Agreement may be amended by the mutual consent of the parties as evidenced by a written instrument signed by both parties.

27. The illegality, invalidity or unenforceability of any provisions of this Agreement shall not affect the illegality, invalidity, or unenforceability of any other provision or a part hereof unless the latter is contingent or dependent upon the former.

28. This Agreement and everything contained herein shall inure to the benefit of and be binding upon each of the parties hereto and their respective successors, personal representatives and permitted assigns as fully and as effectually as if the same had been mentioned herein.

29. The Executive acknowledges that he has read and understands this Agreement, and acknowledges that he has had the opportunity to obtain independent legal advice concerning this Agreement.

30. Any dispute arising out of the interpretation or application of this Agreement may be referred by either party to a sole arbitrator, knowledgeable of employment law, and agreed to by the parties within thirty (30) days of the issue arising. Failing agreement on arbitrator, the parties agree to abide by the terms and conditions of appointing a sole arbitrator as are contained in the *Arbitration Act*, NL. The arbitrator selected by agreement or by operation of the *Arbitration Act* shall not have the power to amend or modify the Agreement without consent of both parties and shall, in the exercise of jurisdiction conferred by the parties, be bound by the *Arbitration Act* aforesaid. The fees and expenses of the arbitration shall be jointly paid by the parties equally.

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto the day and year first above written.

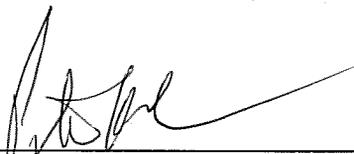
NALCOR ENERGY



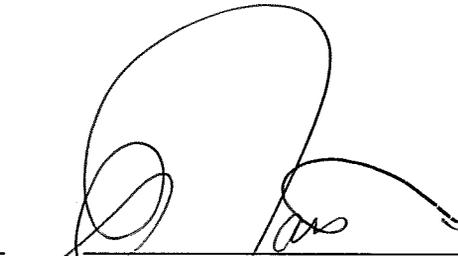
Chair of the Board



Witness as to the execution by
Nalcor Energy



Witness as to the execution by
Stanley Marshall



Stanley Marshall