

FREQUENTLY ASKED QUESTIONS

UPDATED: JUNE 23, 2021

Contents

A. CORPORATE IMPACTS	2
1. What is changing?.....	2
2. Why is the Nalcor brand no longer being used?	2
3. Why is this change being made now?	2
4. What is our new corporate name?	3
5. When is the change happening?.....	3
6. What is the impact on non-regulated businesses?.....	3
7. What's not changing?	3
8. The news release referenced the Rate Mitigation Review. Does this mean the Public Utilities Board recommendations for the organizational structure will get implemented?.....	4
9. What are the next steps in this process and how do we implement this change?	4
10. Changes are happening quickly to the company. What should I expect next week?	4
B. INDIVIDUAL IMPACTS	5
1. Are any jobs within the organization being eliminated as a result of this change?.....	5
2. Are there any impacts to bargaining units or seniority as a result of this change?	5
3. Will my compensation or benefits change?	5
4. Will my reporting structure or role and responsibilities change?	5
6. How is the "move" of these employees happening?	5
7. Will I have to relocate my office?	6
8. Will I have to change my email signature?	6
C. OTHER.....	6
1. Is this the first step in privatization?	6
2. What happens with all Nalcor branded assets, inventory etc. (For example, fleet vehicles, branded PPE etc.)?	6
3. I have more questions that weren't answered by this document – who can I ask?.....	6

A. CORPORATE IMPACTS

1. What is changing?

The Nalcor Energy brand will no longer be used and Nalcor Energy operations will operate under Newfoundland and Labrador Hydro (Hydro). The current Nalcor Executive team and the Hydro Executive team will continue to report to Jennifer Williams, as President of Newfoundland and Labrador Hydro and interim CEO. The reporting structure as it stands today remains the same for the immediate term.

Although the Nalcor name will no longer be used, the important work we have to do remains the same. We must safely finish the Muskrat Falls project and all that entails, and ensure that the assets are reliably integrated into our electricity system. We must also continue to provide the safe, reliable electricity service that this province depends on us for and make appropriate decisions for future reliability.

2. Why is the Nalcor brand no longer being used?

It is our shareholder's intention (the Government of Newfoundland & Labrador) that the corporation will evolve to a steady-state utility operation focused on cost reduction while providing safe, reliable electricity, and focusing on maximizing the economic potential of its energy portfolio.

Although there has been incredible work done by the employees under the Nalcor brand, there have been recent challenges with regards to public perception of Nalcor which has resulted in lack of public support for the company. Given Hydro's foundation in the province, built over more than 50 years as a Crown Corporation, it makes sense to leverage our core strengths as a reliable utility focused on serving the people of Newfoundland and Labrador.

The move under Hydro is about bringing together the strength we have in all our employees to chart our future on behalf of the Province. A renewed and strengthened Hydro will be a provincial utility we can all continue to be proud of while demonstrating our ability to meet the expectations of our shareholder, our customers, and other stakeholders in the province, and provide a renewed sense of focus for our employees.

3. Why is this change being made now?

We are facing a challenging period in our Province, and we must do what we can to be part of the solution.

As the Muskrat Falls Project nears completion, a move to a more efficient corporate structure will ensure the organization reflects not only the Province's fiscal realities but will also signal our organization's move towards a streamlined, efficient utility that better serves the people of the Province.

As residents of Newfoundland and Labrador, we want to do our part to help improve the fiscal reality of this Province, and this is aligned with the expectations of our stakeholders. In answering that call and being responsive to their expectations, this realignment allows us to

retain the ability to chart our own future, including the autonomy to determine and influence our future state.

4. What is our new corporate name?

We will be collectively known as Newfoundland and Labrador Hydro (Hydro). Reporting structures are not changing at this time. Transition to the Hydro brand within the organization structure and various organizational activities will occur over the coming weeks and months.

5. When is the change happening?

The change is effective immediately; however, the transition to the Hydro brand within the corporate structure and in various organizational activities will occur over the coming weeks and months. It is not cost-effective to begin immediately changing signage, physical branding, etc. therefore some reflections of the Nalcor brand will take years to remove. These will happen over time.

All legal and commercial contracts, including the Impacts and Benefits Agreement (IBA) with Innu Nation, Collective Agreements and legal obligations and liabilities under the Nalcor name, along with its associated subsidiaries, do not change as a result of this announcement.

Work has begun to review the existing corporate and governance structure for the Crown Corporation and its subsidiaries to adjust as required.

Any direct impacts to you will be communicated by your manager/supervisor as appropriate.

6. What is the impact on non-regulated businesses?

There is no impact at this time. Non-regulated lines of business remain unregulated and the regulated lines of business will continue to be regulated by the Public Utilities Board.

7. What's not changing?

In the immediate term, your reporting structure and your roles and responsibilities remain the same. [\(See Section B for more.\)](#) There is no intention of lay-offs. But we do need to look to the future and find appropriate opportunities for efficiencies, taking advantage of vacancies, and any other cost savings. That will take time, analysis and engagement with employees and other stakeholders.

Although the Nalcor name will no longer be used, the important work we have to do remains the same. We must finish the Muskrat Falls project and all that entails, and ensure that the assets are reliably integrated into our electricity system. We must also continue to provide the safe, reliable electricity service that this province depends on us for and make appropriate decisions for future reliability.

Also unchanged is our commitment to our strong safety culture, our resiliency to manage change and our passion and dedication to the work we do for the people of the Province.

8. The news release referenced the Rate Mitigation Review. Does this mean the Public Utilities Board recommendations for the organizational structure will get implemented?

No, not at this time. The appropriate organizational structure will take time to consider and complete. The news release also referenced that this transition will take time, and that work is needed to consider the corporate and governance structure required for the future state of the entity.

9. What are the next steps in this process and how do we implement this change?

Transition to the Hydro brand within the corporate structure and in various organizational activities will occur over the coming weeks and months. Some activities will take years, such as physical signage, contractual obligations, etc.

Our focus continues to be on safely finishing the Muskrat Falls project and all that it entails and ensuring that the assets are reliably integrated into our electricity system. We must also continue to provide the safe, reliable electricity service that this province depends on us for and make appropriate decisions for future reliability.

An organizational review will be required to ensure our corporate structure supports our goals of cost reduction and reliability. The timeline for this review will be communicated as plans are finalized. This will take time, and we will not jeopardize anyone's safety as we complete critical work.

Other next steps include but are not limited to:

- Review of legal entities and corporate structure
- Review of impact on Board of Directors structures
- Executive reviews of challenges and opportunities for efficiencies
- System administration changes with regards to corporate structure changes (e.g. timesheets, work orders, labour recharge etc.)

10. Changes are happening quickly to the company. What should I expect next week?

We are not aware of any other plans for further announcements from Government. Internally, the priority for the CEO is to take the time to support employees through this transition period while also ensuring the safety of every person as there is critical work underway.

B. INDIVIDUAL IMPACTS

1. Are any jobs within the organization being eliminated as a result of this change?

At this time, there are no intentions for lay-offs as a result of this change. Our current practice of reviewing opportunities for workforce reduction through attrition as vacancies occur will continue

An organizational structure review will take place in which will include a review of the most effective and efficient structure for the company. In the long-term, the organizational review could result in changes to your reporting structure as the organization evolves in our mandate to be a streamlined and efficient utility.

2. Are there any impacts to bargaining units or seniority as a result of this change?

No, there are no impacts to bargaining units or seniority as a result of this change. Our Collective Agreements with IBEW 1615 for Regulated Hydro Operations, Power Supply Operations, Office Workers and IBEW 2351 for Churchill Falls Operations are valid and legal contracts. Any future changes to Collective Agreements would have to be negotiated with our labour partners.

3. Will my compensation or benefits change?

No, at this time, there is no impact on compensation and benefits as a result of this change. Compensation and benefits for unionized employees remain in line with their current collective agreements.

With respect to non-union compensation, our shareholder has made some recent directives on compensation, specifically related to incentive programs. The Board of Directors and Management have been working with Government to ensure we have clarity on these directives and what they mean for employees. Once we know more we will communicate it immediately.

4. Will my reporting structure or role and responsibilities change?

No, at this time, your reporting structure will continue as-is and your role and responsibilities will remain the same. The name of your department and/or division may change in the near future as a result of combining under the Hydro brand. In the long-term, the organizational review could result in changes to your reporting structure as the organization evolves in our mandate to be a streamlined and efficient utility.

6. How is the "move" of these employees happening?

The systems administration behind this type of change is significant and will take time. As we make progress we will keep you informed regarding changes to corporate systems, and/or changes in general.

7. Will I have to relocate my office?

No, at this time, there will be no relocation of employees or movement within office locations as a result of this change. This could happen in the future as a result of the organizational structure reviews.

8. Will I have to change my email signature?

Yes, you will have to update your email signature as a result of this change. Instructions on how and when to do that will follow in the coming days.

C. OTHER

1. Is this the first step in privatization?

Government has not made any decisions regarding privatization and has been clear that large-scale consultations would be complete before any decision is taken. We now have the opportunity to demonstrate that we understand the concerns of our shareholder and stakeholders, and are taking significant steps towards achieving the outcomes they expect. We will ensure we provide Government with the important information required related to any discussions regarding privatization.

2. What happens with all Nalcor branded assets, inventory etc. (For example, fleet vehicles, branded PPE etc.)?

The use of the Nalcor logo will be discontinued; however, it will take time – in some case years - before the logo is no longer present. It is not cost-effective to immediately change physical logos on assets, vehicles, etc. In the immediate term, we will continue to use these assets until a phase out plan is completed.

The transition to the Hydro brand in various organizational activities will occur over the coming weeks and months, and further guidance/instruction will be provided as these issues are addressed.

3. I have more questions that weren't answered by this document – who can I ask?

If you have any other questions about this change or any other organizational changes, you can send an email to our “ask the CEO” inbox at asktheceo@nlh.nl.ca

Any questions about direct impacts to individuals should be referred to your supervisor, manager or HR contact as appropriate.