

# Newfoundland Power Inc. Executive Compensation Review

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Prepared by: Karl Aboud





# Contents

<b>Project Scope</b>	<b>3</b>
<b>Summary</b>	<b>4</b>
<b>Job Content / Job Evaluation</b>	<b>5</b>
Table 1 – NF Power Job Evaluations	5
<b>Comparative Markets</b>	<b>6</b>
Percentile Levels	6
Compensation Elements	7
Compensation Analysis	7
Table 2 – All Compensation Elements	8
Table 3 – Rate Payer Adjustment (Portions of STI and LTI excluded)	9
<b>Appendices</b>	<b>10</b>
Appendix A – Consultant Biographies	10
Appendix B – Korn Ferry Hay Guide – Chart Profile Method of Job Evaluation	11
Appendix C – 2018 Canadian Commercial Industrial Market	13
Appendix D – Cash Equivalent Values	18



## Project Scope

Newfoundland Power Inc. (NF Power) requested that Korn Ferry provide a reasonableness review of NF Power's compensation structure for its four senior executive positions: President & CEO, VP Customer Operations, VP Energy Supply & Planning, and VP Finance & CFO.

The project mandate included that Korn Ferry would compare:

- NF Power executive jobs to others in the market place on the basis of similar job content (i.e., evaluation points), which is consistent with NF Power's historical compensation principles;
- NF Power compensation values to those of a broad selection of Canadian commercial industrial organizations (i.e., the comparator group), which is consistent with NF Power's historical compensation principles;
- NF Power compensation values to the median level (i.e., 50<sup>th</sup> percentile) of the defined comparator group, which is consistent with NF Power's historical compensation principles; and
- NF Power's compensation package against all elements of compensation, which includes Annual Base Salary, Target Total Cash (i.e., base salary plus target bonus), Target Total Direct (i.e., total cash plus mid/long term incentive), and Target Total Remuneration (i.e., total direct plus benefits, pension and perquisites).

This review has been prepared by Mr. Karl Aboud, Senior Client Partner, Korn Ferry Advisory Practice. For references please see consultant biographies in Appendix A.



## Summary

In summary, Korn Ferry believes that:

- It is reasonable for NF Power to use comparative executive jobs (i.e., jobs at similar evaluation points to those of NF Power) within the broad Canadian Commercial Industrial market place as its comparator group;
- It is reasonable for NF Power to use the Median / 50<sup>th</sup> Percentile levels of comparator group compensation values as the basis by which to establish its own executive pay standards; and
- The NF Power incumbent-specific executive pay values are below those of the market median, but within the normal range of variance to the market pay standards that Korn Ferry typically experiences in these types of reviews. More specifically:
  - The NF Power incumbent specific salaries range from 2.4% to 17.2% below market median.
  - This range of differential is within the norms of virtually all sophisticated organizations in Canada. Furthermore, NF Power has a salary range structure that sets its range minimum to be 15% below market median and its range maximum to be 15% above market median. This range spread is, if anything, a bit narrow to private sector market standards, which are more typically 20% above & below standard. As such, NF Power's salary differentials are nearly within its approved range structure.
  - Through 2017 and 2018, the President & CEO moved from a VP position to President & CEO, one VP remained in their position and two executives joined/re-joined the organization. Generally new incumbents in roles are typically not paid above the mid-point of the range and as such, the negative variances are expected.
  - The NF Power annual bonus value or short-term incentive (STI) targets (i.e., 50% for the CEO, 40% for the VP Customer Operations and 35% for the other two executives) are slightly less than the respective market median standards. This perspective is shown via the data on Table 2. We'll use the CEO for example, but all executive calculations are generally consistent.
    - In Table 2, the CEO's salary is 12.2% less than market standard but the CEO's total cash is 18.7% less than market standard. The difference between the two data sets is due to the CEO STI target being 50% of salary (i.e., 562,500 vs. 375,000), while that of the market is 62% of salary (i.e., 692,153 vs. 426,907).



## Job Content / Job Evaluation

Every organization has unique attributes with respect to business functions, size (e.g., revenues, assets), geographical diversity, ownership, and corporate structure. Furthermore, the jobs within each organization are unique relative to factors such as mandate, reporting relationship, decision-making authority, etc. These attributes should be normalized when an organization compares its jobs to those of the market place.

Korn Ferry uses its job evaluation methodology to “point score” all positions in its compensation database. Job evaluation allows the skills, efforts, and responsibilities of a job to be quantified, such that the resulting points may be used as a comparison proxy that adjusts for the differences between the various comparator organizations and their unique job mandates. An organization’s jobs are compared to others in the market place on the basis of similar job content / job evaluation points. Highlights of the Korn Ferry Method of Job Evaluation are provided in Appendix B.

Each of the four NF Power executive jobs in question has been evaluated, and their Total Point evaluations are illustrated in Table 1, below. The NF Power CEO role, for example, will be compared to the pay values of executive jobs in the market place that are represented by 2128 Total Points of job content.

**Table 1 – NF Power Job Evaluations**

NF Power Jobs	Total Job Evaluation Points
President & CEO	2128
VP Customer Operations	1566
VP Energy Supply & Planning	1486
VP Finance & CFO	1418

It should be noted that the evaluation process only concerns itself with the skills, efforts and responsibilities required for competent performance. The evaluation points do not reflect incumbent-specific characteristics such as performance, actual pay, or years of service.



## Comparative Markets

The most current Korn Ferry compensation database is effective as of May 2018, and has 595 participating organizations. NF Power pay principles suggest that its jobs be compared to the Commercial Industrial subset of the database, which is comprised of 331 organizations, and for which the participant list is illustrated in Appendix C.

Korn Ferry believes that it is reasonable for NF Power to compare itself to the list of organizations of Appendix C because:

- Jobs are compared on a “point adjusted” basis which means they are compared to those of similar overall skill, effort and responsibility, and not necessarily on the basis of “same title”;
- The organizations are comparably classified as “private sector commercial industrial” and NF Power competes for its executive resources with organizations across the breadth and depth of business sectors across Canada.

## Percentile Levels

This review will present comparative values at three percentile levels, being:

- The 25<sup>th</sup> percentile, which represents the compensation values at which twenty-five percent of the database observations pay less and seventy-five percent pay more;
- The 50<sup>th</sup> percentile (i.e., median or P50), which represents the compensation values at which fifty percent of the database observations pay less and fifty percent pay more; and
- The 75<sup>th</sup> percentile, which represents the compensation values at which seventy-five percent of the database observations pay less and twenty-five percent pay more.
- NF Power sets its pay standards relative to market Median / P50, which Korn Ferry believes is reasonable because:
  - As a utility it is appropriate to compare to the standard of a broad market place as opposed to only comparing against the higher or lower paying sectors; and
  - NF Power incorporates performance considerations in its determination of incumbent-specific salary and bonus values, such that higher performers will be appropriately paid above market standards (i.e., above P50), while those who have not yet proven themselves may not be fully paid to market standards (i.e., below P50).



## Compensation Elements

The review will consider the compensation elements as listed and defined below.

**Actual Base Salary:** The actual annual base salary paid to the comparable database observations.

**Target Total Cash:** Actual base salary plus an annual bonus value that represents the target award assuming that all incentive provisions are accomplished exactly to plan.

**Target Total Direct:** Target total cash plus a mid/long term incentive value (i.e., LTI) that represents the assumed annualized net present value of the mid/long term incentive grants.

**Target Total Remuneration:** Target total direct plus a noncash value that is the estimated value of the sum of the employer provided benefit, perquisite, and retirement programs.

Further explanation of the calculation of the noncash items is found in Appendix D.

## Compensation Analysis

Tables 2 and 3, following, compare NF Power compensation values to those of the market place.

Table 2 compares the values of all compensation elements previously defined in this report.

Table 3 excludes the NF Power LTI values, and the non-regulated portion of the STI values, as these costs are not borne by the rate-payer, and therefore Table 3 assesses only the cost implications that are borne by the rate-payer.



Table 2 – All Compensation Elements

Title	Statistic	Points	Actual Base Salary	Target Total Cash	Long-Term Incentive Present Value (eligible)*	Target Total Direct Compensation	Target Total Remuneration
			(\$)	(\$)	(\$)	(\$)	(\$)
President & CEO		2128	<b>375,000</b>	<b>562,500</b>	<b>337,500</b>	<b>900,000</b>	<b>1,032,690</b>
	P75		521,300	916,828	1,013,374	1,695,254	1,807,445
	P50		426,907	692,153	531,693	1,022,886	1,123,959
	P25		358,918	523,510	203,799	639,086	698,203
	<b>NP vs. P50</b>		-12.2%	-18.7%	-36.5%	-12.0%	-8.1%
VP Customer Operations		1566	<b>295,000</b>	<b>413,000</b>	<b>147,500</b>	<b>560,500</b>	<b>669,157</b>
	P75		371,514	583,664	480,480	898,051	998,774
	P50		302,127	437,041	242,598	590,854	647,455
	P25		258,221	345,360	115,400	396,142	422,402
	<b>NP vs. P50</b>		-2.4%	-5.5%	-39.2%	-5.1%	3.4%
VP Energy Supply & Planning		1486	<b>236,000</b>	<b>318,600</b>	<b>94,400</b>	<b>413,000</b>	<b>494,946</b>
	P75		345,618	534,449	397,280	780,007	876,199
	P50		285,060	404,716	204,902	531,358	585,505
	P25		242,696	322,960	103,400	362,453	390,313
	<b>NP vs. P50</b>		-17.2%	-21.3%	-53.9%	-22.3%	-15.5%
VP Finance & CFO		1418	<b>234,000</b>	<b>315,900</b>	<b>93,600</b>	<b>409,500</b>	<b>490,973</b>
	P75		323,606	492,616	326,560	679,669	772,010
	P50		270,553	377,239	172,860	480,786	532,847
	P25		229,499	303,920	93,200	333,818	363,038
	<b>NP vs. P50</b>		-13.5%	-16.3%	-45.9%	-14.8%	-7.9%

Notes:

\* Newfoundland Power LTI values reflect Policy LTI values effective 2018.



Table 3 – Rate Payer Adjustment (Portions of STI and LTI excluded)

Title	Statistic	Points	Target Total Remuneration	Short-Term Incentive Adjustment	Long-Term Incentive Adjustment	Target Total Remuneration **
President & CEO		2128	<b>1,032,690</b>	<b>36,094</b>	<b>337,500</b>	<b>659,097</b>
	P75		1,807,445			1,807,445
	P50		1,123,959			1,123,959
	P25		698,203			698,203
	<b>NP vs. P50</b>		-8.1%			-41.4%
	<b>Market Position</b>					<P25
VP Customer Operations		1566	<b>669,157</b>	<b>11,800</b>	<b>147,500</b>	<b>509,857</b>
	P75		998,774			998,774
	P50		647,455			647,455
	P25		422,402			422,402
	<b>NP vs. P50</b>		3.4%			-21.3%
	<b>Market Position</b>					P35
VP Energy Supply & Planning		1486	<b>494,946</b>	<b>8,260</b>	<b>94,400</b>	<b>392,286</b>
	P75		876,199			876,199
	P50		585,505			585,505
	P25		390,313			390,313
	<b>NP vs. P50</b>		-15.5%			-33.0%
	<b>Market Position</b>					P25
VP Finance & CFO		1418	<b>490,973</b>	<b>18,428</b>	<b>93,600</b>	<b>378,946</b>
	P75		772,010			772,010
	P50		532,847			532,847
	P25		363,038			363,038
	<b>NP vs. P50</b>		-7.9%			-28.9%
	<b>Market Position</b>					P27

Notes:

\*\* NP values are discounted for non rate-payer considerations (i.e., all LTI and the non-regulated portion of STI), but are compared to the market that includes full values for LTI and STI.



## Appendices

### Appendix A – Consultant Biographies

#### **Karl Aboud**

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#### **Delivering Results for Clients**

Karl Aboud is a Senior Client Partner for Korn Ferry, based in the firm's Toronto office.

Mr. Aboud delivers successful people, pay, and performance related business solutions to a wide range of industries, including financial services, manufacturing, utilities, transportation, pharmaceutical, retail/wholesale, and the public sector.

#### **Expertise**

Mr. Aboud's client engagements include the design and implementation of programs that improve the productivity of the work force, the profitability of the organization, and the satisfaction of the customer base by aligning reward practices to business objectives for all positions in an organization.

Mr. Aboud's specialized expertise includes the design and implementation of variable pay, base salary, and executive compensation programs.

#### **Academic and Professional Background**

Mr. Aboud earned his master's business administration in finance from The University of Western Ontario. Prior to joining Hay Group, he was a manager of investment banking for seven years with RBC Financial.



## Appendix B – Korn Ferry Hay Guide – Chart Profile Method of Job Evaluation

To date, the Korn Ferry Hay Method has been used to evaluate hundreds of thousands of clerical, blue collar, technical, professional, sales and managerial jobs within a wide variety of private and public sector organizations.

The focus of the job evaluation process using the Korn Ferry Hay Method is on the nature and requirements of the job itself, not on the capabilities, background, personal characteristics, or the current salary of the job holder.

The Korn Ferry Hay Method is based on the premise that jobs can be grouped in terms of the **knowledge** required to do the job, the **thinking** needed to solve the problems commonly faced, and the **responsibilities** assigned to the jobs.

The Korn Ferry Hay Method is reflected in Guide Charts used to define each factor and provide quantitative measures that form the basis for evaluation.

By focusing on the important aspects of the content of each job and the end results which each is expected to achieve, the Korn Ferry Hay Method provides a vehicle for systematically assessing the relationships among various positions and their relative value to the organization.

Additional safeguards are built-in to ensure that the final evaluations are free of bias. The Korn Ferry Hay Method provides a rational, disciplined approach to job evaluation.

Korn Ferry works with the largest and most prestigious firms in the world. In almost all cases, we have delivered consulting services and solutions across multiple regions, divisions, functions, and/or levels. We consider it a privilege to partner with more than 11,000 organizations worldwide. We serve thousands of clients on six continents, and Korn Ferry serves scores of Fortune 500 clients worldwide. This experience allows us to provide unmatched expertise to address the issues that confront not only large and complex organizations, but also small, medium, government, and non-profit organizations.

Over the past three years, Korn Ferry has partnered with the following:

- 100% of Dow Jones Industrial companies.
- 96% of the *Fortune* Most Admired companies.
- 93% of *Fortune* 100 companies.
- 93% of NYSE Euronext companies.
- 80% of the FTSE 100.



The Korn Ferry Guide Chart factors are listed as follows.

### **Know-How**

- Practical, technical, or specialized knowledge and skill (depth and/or breadth)
- Planning, Organizing & Integrating Knowledge
- Communicating & Influencing Skills

### **Problem Solving**

- Thinking Environment – Freedom to Think
- Thinking Challenge

### **Accountability**

- Freedom to Act
- Nature of Impact
- Magnitude of Impact



## Appendix C – 2018 Canadian Commercial Industrial Market

3M Canada Company  
5N Plus Inc.  
A&W Food Services of Canada Inc.  
ABM North America Corp.  
ALS Canada Ltd.  
ATCO Wood Products Ltd.  
Abercrombie & Fitch Co. -  
Abercrombie  
Abercrombie & Fitch Co. - Hollister  
Agnico-Eagle Mines Limited  
Air France-KLM  
Air Products Canada Ltd.  
AkzoNobel Canada Inc.  
Alamos Gold Inc.  
Albéa Canada Inc.  
Alberta-Pacific Forest Industries Inc.  
Aldes Canada  
Allnex Canada Inc.  
Alstar Oilfield Contractors Ltd.  
ALSTOM Power Canada Inc  
Amazon Canada  
Ameresco Canada Inc.  
American Eagle Outfitters Canada Inc.  
Amgen Canada Inc.  
Amway Canada Corporation  
ArcelorMittal - Baffinland Iron Mines  
Corporation  
ArcelorMittal Canada  
ArcelorMittal Canada Contrecoeur-  
Ouest Inc.  
ArcelorMittal Canada Hamilton  
ArcelorMittal Canada Longeuil  
ArcelorMittal Canada Saint-Patrick  
ArcelorMittal Dofasco Inc.  
ArcelorMittal Mines Canada  
ArcelorMittal Tailored Blanks  
Americas Corp.  
ArcelorMittal Tubular Products -  
Automotive Division  
ArdoVLM  
Arla Foods Inc.  
Arlanxeo Canada Inc.  
Arrow Transportation Systems Inc.  
Ascena Retail Group - Ann Taylor  
Ascena Retail Group - Loft  
Ashcroft Terminal  
Ashland Inc.  
Association of Regina REALTORS Inc.  
Astellas Pharma Canada Inc.  
AstraZeneca Canada Inc.  
Atlantic Gold Corporation  
Atlantic Packaging Products Ltd.  
BASF Canada Inc.  
BP Canada Energy Group ULC  
BWXT Canada Ltd.  
BWXT Nuclear Energy Canada Inc.  
B2Gold Corp.  
Barilla  
Barrick Gold Corporation  
Basell Canada Inc.  
Bayer Inc.  
BC Maritime Employers Association  
Belden (Canada) Inc.  
BigSteelBox Corporation  
Boehringer Ingelheim (Canada) Ltd.  
Brand Loyalty Canada  
The Brick Warehouse LP  
Bristol-Myers Squibb Canada Co.  
Brooks Brothers Group, Inc.  
Brooks Brothers Group, Inc. - Outlet  
CEPSA Química Bécancour  
CGGVeritas  
CKF Inc.  
CNH Industrial  
CRH Canada Group Inc.  
Cabot Canada Ltd.  
Caleres Canada, Inc  
Calgary Co-operative Association  
Limited  
The Calgary Stampede  
Canadelle Inc.  
Canfor Corporation  
Canfor Pulp Limited Partnership  
Canpotex Limited



Capgemini Canada  
Capstone Mining Corp.  
Cargill Limited  
Carter's Canada  
Catalyst Paper Corporation  
Caterpillar of Canada Corporation  
Centerra Gold Inc.  
Champion Petfoods LP  
Chartered Professional Accountants  
of Canada  
Chemours Canada Inc.  
Chico's FAS, Inc.  
Chico's FAS, Inc. - Outlet  
Chico's FAS, Inc. - White House/Black  
Market  
The Children's Place  
Christie Digital Systems Canada Inc.  
Colacem Canada Inc.  
Continental Tire Canada, Inc.  
Coty Canada  
Council on Northern Interior Forest  
Employment Relations  
Crate and Barrel  
Creative Energy Vancouver Platforms  
Inc.  
Cytex Canada Inc.  
DSM Nutritional Products Canada Inc.  
Danfoss Inc.  
Dematic Limited  
Detour Gold Corporation  
Dominion Diamond Corporation -  
Ekati Diamond Mine  
Downtown Vancouver Business  
Improvement Association  
Dr. Oetker Canada Ltd.  
Dyno Nobel Canada Inc.  
EDP Renewables Canada Ltd.  
ENGIE North America  
ESC Corporate Services Ltd.  
E. & J. Gallo Winery  
E.L.K. Energy Inc.  
Eaton Corporation  
Eli Lilly Canada Inc.  
Evonik Canada Inc.  
Federated Cooperatives Ltd.  
Ferrero Canada Limited  
First Majestic Silver Corp.  
Fortress Paper Ltd.  
GE Canada  
G2 Ocean Shipping Canada Ltd.  
Gap (Canada) Inc.  
Gap (Canada) Inc. - Banana Republic  
Gap (Canada) Inc. - Banana Republic -  
Outlet  
Gap (Canada) Inc. - Gap  
Gap (Canada) Inc. - Gap - Outlet  
Gap (Canada) Inc. - Old Navy  
General Kinetics Engineering  
Corporation  
Gerdau Long Steel North America  
Giant Tiger Stores Limited  
Glatfelter Gatineau Ltée  
GlaxoSmithKline Inc.  
Glencore Canada Corporation -  
Copper  
Glencore Canada Corporation -  
Raglan Mine  
Glencore Canada Corporation -  
Sudbury INO  
Goldcorp Inc.  
Golf Town  
Grand & Toy  
Grieg Seafood BC Ltd.  
Griffith Foods Limited  
Groupe SEB Canada Inc.  
Grundfos Canada Inc.  
H&M Hennes and Mauritz Inc.  
Hadrian Manufacturing Inc.  
Henry Schein Canada  
Hoffmann-La Roche Ltd.  
Home Hardware Stores Limited  
Home Outfitters  
Hotelbeds Canada  
HudBay Minerals Inc.  
Hudson's Bay  
Hudson's Bay Company  
Huntsman Polyurethane  
Hybrid Turkeys



IAMGOLD Corporation  
IKEA Canada  
IKEA Canada - Distribution Centre  
Imerys Canada Inc.  
Industries Lassonde inc.  
Information Services Corporation  
International Flavors & Fragrances  
Canada Ltd.  
J.Crew Group, Inc.  
J.Crew Group, Inc. - Outlet  
JTI-Macdonald Corp.  
JYSK Canada  
J.D. Irving, Limited  
J.D. Irving, Ltd. - Cavendish  
J.D. Irving, Ltd. - Construction and  
Equipment Division  
J.D. Irving, Ltd. - Irving Consumer  
Products & Personal Care  
J.D. Irving, Ltd. - Media Division  
J.D. Irving, Ltd. - Midland  
J.D. Irving, Ltd. - Pulp and Paper  
Division  
J.D. Irving, Ltd. - Retail Division  
J.D. Irving, Ltd. - Sawmills and  
Woodlands  
J.D. Irving, Ltd. - Shipbuilding Division  
J.D. Irving, Ltd. - Transportation and  
Logistics  
Jamieson Wellness Inc.  
Janssen Inc.  
Joe Fresh  
John Deere Limited Canada  
K+S Potash Canada  
KGHM International Ltd.  
Kate Spade & Company  
Kellogg Canada Inc.  
Kimberly-Clark Corporation  
Kinross Gold Corporation  
Knauf Insulation, Ltd.  
Komatsu Mining Corp. Group  
Kraft Heinz Company  
LANXESS Canada Co./Cie  
LVMH Moet Hennessy Louis Vuitton -  
Kendo Brands  
Labatt Breweries of Canada  
Lafarge Canada Inc.  
Landmark Education International  
Inc.  
Lantic Inc.  
Lehigh Hanson Materials Limited  
Leo Pharma  
Levi Strauss & Co. (Canada) Inc.  
LifeLabs  
Linde Canada Limited  
The Little Potato Company  
Loblaws  
LoyaltyOne Inc.  
Lufkin Industries Canada ULC  
Luxottica Group  
Luxottica Group - LensCrafters  
Luxottica Group - Pearle Vision  
Luxottica Group - Sunglass Hut  
Luxottica Group - Oakley  
MAHLE Filter Systems North America,  
Inc.  
MMD Mineral Sizing (Canada) Inc.  
Magna International Inc.  
Marine Harvest Canada  
Maxxam Analytics International  
Corporation  
McCormick Canada Co.  
McElhanney Consulting Services Ltd.  
McElhanney Geomatics Engineering  
Ltd.  
The McElhanney Group Ltd.  
McNish Steel Ltd.  
Merck Frosst Canada & Co.  
Methanex Corporation  
Michelin North America (Canada) Inc.  
Mitsubishi Canada Limited  
Montship Inc.  
The Mosaic Company  
Movado Group of Canada Inc.  
Mozilla Foundation  
NavBlue  
New Gold Inc.  
Nike Canada  
Nike Canada - Outlet



Nokian Tyres Canada Inc.  
Nordstrom, Inc.  
Nordstrom, Inc. - Rack  
North American Palladium Ltd.  
Novo Nordisk Canada  
OHL Canada  
Occidental Chemical Corporation  
PVH - Calvin Klein  
PVH - Calvin Klein - Outlet  
PVH - Dress Furnishings  
PVH - Tommy Hilfiger  
PVH - Tommy Hilfiger - Outlet  
PVH - Van Heusen - Outlet  
PVH Canada Corp.  
Pan American Silver Corporation  
Pandora  
Pandora - Outlet  
Parker Hannifin Canada  
Payless ShoeSource Inc.  
Penske Truck Leasing  
Perry Ellis International Canada  
PetSmart, Inc.  
Pier 1 Imports Inc.  
Pilot Flying J  
Praxair Canada Inc.  
Pretium Resources Inc.  
Procon Mining & Tunnelling  
Puig  
Purdue Pharma  
Real Estate Council of Alberta  
Repsol Oil & Gas Inc.  
Richemont Canada Inc.  
Rio Tinto  
Riversdale Resources Limited  
Rolls-Royce Canada Ltd.  
Rothmans, Benson & Hedges Inc.  
SABIC Innovative Plastics Canada  
Incorporated  
SEMAFO inc.  
SMCP  
SMCP - Maje  
SMCP - Maje - Outlet  
SMCP - Sandro  
SMCP - Sandro - Outlet  
SMS Equipment Inc.  
Saint-Gobain  
Samuel, Son & Co., Limited  
Schneider Electric  
Schweitzer Engineering Laboratories  
Semex  
Sephora Beauty Canada  
Sherritt International Corporation  
Shoppers Drug Mart Corporation  
Siegwerk Canada Inc.  
Siemens Canada Limited  
Signet Jewelers - Mappins  
Signet Jewelers - Peoples  
Signet Jewelers - Zales  
Signet Jewelers Canada  
Sodexo Canada  
Sofina Foods Inc.  
Solar Turbines Incorporated  
Solenis LLC  
Solvay Canada  
The Source  
Star Diamond Corporation  
Suncor Energy Inc.  
Supply Chain Management  
Association Alberta  
TJX Companies - Winners  
TMF Canada Operations Inc.  
Tafisa Canada  
Tarion Warranty Corporation  
Teck Resources Limited  
Teekay Corporation  
Tiger Calcium Services Inc.  
TMAC Resources Inc.  
Tolko Industries Ltd.  
Torex Gold Resources Inc.  
Toromont CAT, A Division of  
Toromont Industries Ltd.  
Torrid  
Total Canada Inc.  
Toyota Canada Inc.  
Trevalli Mining Corporation  
UPM Raflatac



Umicore Canada Inc.  
Unimin Canada  
uniPHARM Wholesale Drugs Ltd.  
United Farmers of Alberta Co-  
operative Limited  
United Natural Foods, Inc.  
Uranium One Inc.  
Vale Canada Limited  
Valmet Ltd.  
Vanderlande Industries Canada Inc.  
Votorantim Cement North America  
WD-40 Products Canada Ltd.  
Wal-Mart Canada Corp.  
Wesco Aircraft  
Whole Foods Market, Inc.  
Wurldtech Security Technologies Inc.  
Yamana Gold Inc.



## Appendix D – Cash Equivalent Values

### Noncash Compensation

An organization's cost for a noncash program is subject to numerous variables, such as composition of the group, experience, funding method, skill of the buyer and a company's accounting practices. Thus, programs with identical formulae can have widely differing costs from organization to organization or even from unit to unit within an organization. However, the value of a noncash item to a particular employee is primarily dependent on the level of benefit, perquisite or time off provided, not on the average age of the employees in the organization or the method chosen by the employer to fund the program.

Therefore, standard cost assumptions were derived. For noncash items which are conditional on the occurrence of an event such as death, disability or continuous employment in an organization, the cash equivalent has been calculated on the basis of the probability of receiving such items, using appropriate actuarial assumptions. For noncash items such as cars, loans and subsidized meals, which have immediate value, the cash equivalent has been calculated on the basis of the most probable average current replacement cost.

### Employee Contributions

Noncash compensation includes only the employer-paid value. Employee contributions are subtracted from the total value to obtain the employer paid amount.

## About Korn Ferry

Korn Ferry is a global organizational consulting firm. We help clients synchronize strategy and talent to drive superior performance. We work with organizations to design their structures, roles, and responsibilities. We help them hire the right people to bring their strategy to life. And we advise them on how to reward, develop, and motivate their people.



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