

1 (Reference Executive Compensation Report by Korn-Ferry)  
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3 **Q. It is stated (page 4) “Compared to the last review in 2021, we observe that**  
4 **compensation levels for the comparator market have rebounded sharply post-**  
5 **pandemic, surpassing the levels in 2018 generally.”**

6 **a) That statement implies that executive compensation levels in those businesses**  
7 **must have fallen in order to “rebound”. Is this correct?**

8 **b) During the same period, did executive compensation at Newfoundland Power**  
9 **fall in a similar pattern? Please compare that pattern with the comparator**  
10 **group.**

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12 A. a) That is correct. In the 2021 Review, we observed that there were declines in the  
13 comparator group 2020 market LTI values relative to a similar review in 2018, as a  
14 result of the pandemic challenges. These reflected:

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16 • Some organizations made LTI grants in absolute number of share units, and  
17 depressed share prices decreased the LTI value.  
18 • Some organizations had lower stock option values due to a lower interest rate  
19 assumption used in their valuation.  
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21 b) Executive compensation at Newfoundland Power had remained relatively flat during  
22 the same period as the above LTI conditions (i.e., granted in absolute number of share  
23 units and depressed share prices) did not apply to Newfoundland Power. LTI is not  
24 recovered from Newfoundland Power’s customers.  
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26 As only 25% of Newfoundland Power 2021 LTIs were awarded in stock options, the  
27 impact of using a lower interest rate assumption was not as significant.