

DONATION AND SPONSORSHIP POLICY

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1. GENERAL FRAMEWORK

1.1 OUR SOCIAL ROLE policy

Hydro-Québec has adopted a policy entitled *Our Social Role*.

Under this policy, Hydro-Québec undertakes to:

- contribute to social and cultural vitality by supporting various humanitarian, community, educational and health-related activities, and by partnering with various cultural, environmental, socioeconomic or sports events. This commitment is governed by the *Donation and Sponsorship Policy*.

This *Donation and Sponsorship Policy* is included in the *Our Social Role* policy.

www.hydroquebec.com/publications/en/docs/donations-sponsorships/donation-sponsorship-policy.pdf

1.2 Responsibility

The Vice-présidence – Affaires corporatives et secrétariat général is responsible for managing corporate donations and sponsorships.

1.3 Budget

The donations and sponsorships budget is established annually as part of the company's Business Plan process.

Hydro-Québec shall allocate to donations and sponsorships a total annual budget on the order of 1% of its average net income from continuing operations.

2. GENERAL OBJECTIVES

As a corporate citizen and a commercial enterprise, Hydro-Québec supports the cultural, social and economic life of Québec through donations and sponsorships.

The company contributes to activities or events that take place in Québec, but may also occasionally support activities or events in other markets where the company is active.

2.1 Awards

Hydro-Québec awards donations and sponsorships to achieve one or more of the following objectives:

- To serve as a good corporate citizen
- To maintain or improve community relations
- To promote its strategic objectives, programs and services

2.2 Exclusions

Donations or sponsorships may not be granted to the following:

- Organizations of uncertain financial soundness
- Organizations or projects that do not meet the funding-area requirements of this policy
- Organizations, projects or foundations associated with a private primary school, high school or college
- Educational institutions located outside Québec
- Organizations or projects devoted to a political or religious cause
- Organizations or projects already funded by Centraide
- Construction or renovation projects concerning offices or a building
- Organizations that support a single individual or a personal project such as an individual product, event or activity

2.3 Introductory provisions

- This policy shall come into effect and be applicable on June 30, 2016.
- Donations and sponsorships are awarded based on the annual budget allocated for those activities.
- Barring exceptional circumstances, funds paid under this policy must be used in the year for which they are awarded.
- A donation or sponsorship granted to an organization working in a given area does not necessarily mean a commitment by Hydro-Québec to support all organizations working in that area.
- Donations and sponsorships are not automatically renewed and a new review is required when a request for renewal is made.
- Multi-year contributions cannot exceed a five-year period.
- Exceptions to this policy may be granted by Hydro-Québec's Board of Directors following the presentation of a recommendation in this regard.

3. FUNDING AREAS

The funding areas selected by Hydro-Québec are: culture, science, the environment and sustainable development, socioeconomic partners, sports, social and community causes, health and education.

Hydro-Québec takes into account the active participation level of families when evaluating proposals that meet the funding-area requirements of this policy.

SPONSORSHIPS

3.1 Culture

Hydro-Québec has supported artisans in the cultural sector throughout Québec for more than 50 years. Through its support, the company aims to do the following:

- Support Québec culture to promote its continued existence.
- Contribute to major Québec cultural events.
- Support the following arts disciplines: theatre, dance, classical music, French-language song and Québec cinema.
- Support the museum sector through temporary exhibitions as well as school and family activities.
- Support events and venues that allow the next generation of artists to emerge.
- Support events outside Montréal and the city of Québec that are designed to help promote a particular region beyond its borders.

3.2 Science

Technological innovation plays a key role in the development of Hydro-Québec and the Québec society.

With regard to science, the company aims to do the following:

- Promote science and technology, especially among young people.
- Contribute to scientific activities that promote careers in science and technology among young people.
- Contribute to science outreach activities that cultivate an appreciation of science and technology among the general public.

3.3 Environment and sustainable development

Hydro-Québec conducts its activities while taking into account the three pillars of sustainability—the economy, society and the environment.

In this funding area, Hydro-Québec's support consists first and foremost of an annual contribution to the Fondation Hydro-Québec pour l'environnement. However, support may also be given to the following:

- Scientific and environmental outreach activities or projects related to Hydro-Québec activities, primarily for school-age children
- Events or projects that aim to generate citizen accountability and action with respect to protection of the environment and sustainable development
- Projects designed to improve the public's knowledge of hydroelectricity and other renewable energies
- Projects that aim to support the implementation of Hydro-Québec initiatives in technological innovation and transportation electrification

3.4 Socioeconomic partners

Hydro-Québec contributes to the economic vitality of every region in Québec.

Through its sponsorships, the company aims to support its socioeconomic and business partnerships in Québec, such as chambers of commerce, municipal and regional groups, professional corporations, indigenous civil society organizations and groups working in areas of interest to Hydro-Québec.

3.5 Sports

Hydro-Québec encourages involvement in sports in order to promote the collective well-being of all Quebecers. The company therefore aims to do the following:

- In amateur sports, promote projects and events that encourage multisport activities as well as those that encourage the active participation of families.
- Support organizations and events that give athletes the opportunity to participate in qualifying competitions for national and international championships.
- Promote involvement in sports among people with physical or intellectual disabilities, in order to improve their quality of life.
- Support sports activities of business or social interest to the company.

DONATIONS

3.6 Social and community causes

In this funding area, Hydro-Québec aims to do the following:

- Support Centraide in particular.
- More specifically, support institutions or organizations that:
 - offer emergency services and assistance to people in distress
 - support people who are ill or at the end of their lives
 - fight poverty by providing assistance services

The main criteria for evaluating requests and determining the level of Hydro-Québec's contribution are as follows:

- Holding of a fund-raising and/or financing campaign
- The organization's annual budget
- The ability to obtain financial support in the local community and in the organization's field of endeavor

3.7 Health

Donations in the field of health are limited to major fund-raising campaigns.

Hydro-Québec agrees to consider contributing to a fund-raising campaign or activity provided that the funds collected are used to develop the institution's centres of excellence or to support research or the quality of patient care. The term of the commitment shall not exceed five (5) years.

To establish the amount of its contribution, Hydro-Québec uses a standard rate, when applicable, based on the number of general care and special care beds. Other factors are also considered in determining Hydro-Québec's involvement:

- The institution is an important medical research centre.
- The institution is recognized for a unique major specialty.
- The institution offers special services in order to cover a large geographic area.
- The institution is important and influential in its region.

3.8 Education

a) Universities

Hydro-Québec agrees to contribute to the major fund-raising campaigns of Québec universities. The amount of Hydro-Québec's annual contribution will be based on full-time student enrolment according to official statistics published by the Ministère de l'Éducation. The term of the commitment shall not exceed five (5) years.

Hydro-Québec shall sign a detailed agreement with the institution setting out the terms and conditions of each component of the contribution awarded.

Amounts granted shall be allocated as follows, insofar as possible:

- 70% to research chairs in fields of interest to Hydro-Québec
- 30% to scholarships for bachelor, masters or doctoral studies in areas of interest for Hydro-Québec

Regarding research chairs, any project proposed by the institution (within the budget allocated at the commitment stage) must be sponsored by a Hydro-Québec business unit with a particular interest in advancing knowledge and practice in the field concerned.

Once the project is approved, Hydro-Québec signs a detailed agreement with the institution and the holder of the chair, allowing Hydro-Québec to participate in the development of research programs and the transfer of knowledge to the company. Agreements cannot exceed a five-year term with the possibility of renewal.

b) Institutes of higher learning

Hydro-Québec may contribute to institutes of higher learning that promote basic and specialized research and develop future generations through teaching and training in areas of interest for the company and in which Québec exercises true leadership. These institutes must support innovative, adapted training programs and carry out activities leading to the international recruitment of researchers. The term of the commitment, subject to exceptions, shall not exceed five (5) years.

To determine its contribution amount, Hydro-Québec takes many factors into account, including the number of laboratories, researchers, local and foreign speakers and students. The number of publications and consultations may also be considered.

Other aspects may also be taken into account, such as the institution's major role in its field of expertise or the institution's importance and influence within and outside the province.

c) Public high schools and colleges

Hydro-Québec may contribute to fund-raising campaigns, benefit events or special funding projects for public high schools or colleges.

The amount of the contribution shall be based on the following:

- The number of students concerned
- Special services offered by the institution
- The institution's importance and influence in its region

Projects given preference are those designed to promote science and technology among young people, to develop skills in fields of interest to Hydro-Québec, to support actions that encourage perseverance and academic success and to ensure access to schools' sports facilities by local communities.

4. OTHER TYPES OF CONTRIBUTIONS (SURPLUS ASSETS)

Hydro-Québec may also provide support to certain organizations in the form of donations of identified surplus assets. Eligible organizations must meet the criteria set out in this policy and apply under the funding area of social and community causes.

5. PROCESS FOR MANAGING DONATION AND SPONSORSHIP REQUESTS

There are five steps in processing requests:

1. Receipt of request
2. Review and recommendation
3. Reply to applicant
4. Negotiating an agreement
5. Follow-up

5.1 Receipt of request

- Requests for less than \$25,000 in connection with an event must be filed at least sixty (60) days before the event is held.
- Requests for \$25,000 or more in connection with an event must be filed at least three (3) months before the event is held.
- To optimize processing, applicants are advised to complete the form provided on Hydro-Québec's Web site at: www.hydroquebec.com/donations-sponsorships
- Circular letters will not be processed.
- Hydro-Québec's Vice-présidence – Affaires corporatives et secrétariat général is responsible for processing requests in compliance with this policy.

5.2 Review and recommendation

Requests shall be reviewed according to the criteria and guidelines set forth in this policy.

At any time during the review process, Hydro-Québec may ask for additional information it deems necessary to complete the request and make its recommendations.

The main sponsorship selection criteria are:

- The possibility of reaching the target audience through the activity or event proposed
- The ratio of the amount requested to the return on investment

- The sponsorship's activation potential
- The consistency with Hydro-Québec's values and business objectives

An applicant's failure to cooperate may result in rejection of the request.

5.3 Reply to applicant

A written reply is sent to the applicant within a reasonable time informing him or her of Hydro-Québec's decision.

5.4 Negotiating an agreement

When a donation or a sponsorship is awarded, designated Hydro-Québec representatives negotiate a contractual agreement with the organization concerned.

If the total amount awarded is \$50,000 or more, a formal contract is mandatory.

5.5 Follow-up

Hydro-Québec follows up on all agreements signed under this policy.

6. POLICY DISSEMINATION

This policy is available on Hydro-Québec's Web site at:

www.hydroquebec.com/publications/en/docs/donations-sponsorships/donation-sponsorship-policy.pdf

The list of organizations that have received contributions from Hydro-Québec is also available on the company's Web site. This list is updated regularly.