

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 and collective well-being by supporting various humanitarian, community, educational and health-related activities, and by partnering with various cultural, environmental, socioeconomic or sports events.

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

www.hydroquebec.com/publications/en/policies/index.html

1.2 Responsibility

The Groupe – 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 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
- Organizations that support a single individual or a personal project
- Projects supporting production of a specific work or product

2.3 Other provisions

This policy shall come into effect and be applicable on September 8, 2009.

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.

Exceptions to this policy may only be granted by Hydro-Québec's Board of Directors.

3. FUNDING AREAS

The funding areas selected by Hydro-Québec are outlined below.

3.1 Culture

Support Québec culture to promote its continued existence.

Contribute to major Québec cultural events.

Support the following arts disciplines: theatre, dance, classical music, opera and French-language song.

Support the museum sector through specific exhibitions as well as school and family activities.

Support events and venues that allow the next generation of artists to emerge.

3.2 Science

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

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:

- Outreach activities or projects based on scientific knowledge and related to Hydro-Québec activities
- Events or projects that aim to generate citizen accountability and action with respect to protection of the environment and sustainable development

3.4 Socioeconomic partners

Promote closer relations between Hydro-Québec and its socioeconomic and business partners in each of Québec's administrative regions.

3.5 Sports

In amateur sports, promote initiatives, projects and events that encourage multisport activities.

Support organizations and events that give athletes the opportunity to participate in qualifying competitions for national and international championships.

Promote practice of 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.

3.6 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 generally not exceed ten (10) 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.

3.7 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 generally not exceed ten (10) 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 masters or doctoral studies

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 are generally for a five-year term with the possibility of renewal.

b) 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 and covering a large geographic area
- The institution's importance and influence in its region

Projects given preference are those designed to promote science and technology among young people, develop skills in fields of interest to Hydro-Québec, prevent students from dropping out and allow access to schools' sports facilities.

3.8 Social and humanitarian causes

Support Centraide in particular, as well as institutions or organizations which do the following:

- Offer emergency services and assistance to people in distress
- Support people who are ill
- Fight poverty by providing direct-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
- In the case of Centraide, the amount collected annually from Hydro-Québec employees, pensioners and board members

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.

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 Direction principale – Communications 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.

The main sponsorship selection criteria are the possibility of reaching the target audience through the activity or event proposed and the ratio of the amount requested to the return on investment.

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

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

Donations and sponsorships are not automatically renewed.

A new review is required when a request for renewal is made.

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 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/donations-sponsorships

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.