

CORPORATE GOVERNANCE

A) AUTHORITY

SaskPower is governed by *The Power Corporation Act*. It is subject to the provisions of *The Crown Corporations Act, 1993*, which gives the Crown Investments Corporation (CIC) of Saskatchewan, the holding company for Saskatchewan's commercial Crown corporations, broad authority to set the direction of the Corporation. Where required by legislation or policy directive, SaskPower submits performance management and investment decisions for review and approval by CIC and the cabinet. Through its Chair, who is an outside Director, the SaskPower Board of Directors is accountable to the Minister of Crown Corporations. The Minister functions as a link between the Corporation and cabinet, as well as the provincial legislature.

B) ROLE OF BOARD OF DIRECTORS (13 meetings)

SaskPower's Board of Directors is responsible for the general stewardship of SaskPower. It is accountable for setting direction, monitoring and evaluating achievement, as well as identifying any necessary corrective action for the Corporation. The Board works with management to develop and approve SaskPower's Strategic Plan, annual budget and Business Plan. It participates in identifying business risk and oversees the implementation of appropriate systems to achieve a balance between risks incurred and potential returns. On January 22, 2008, the Board was dissolved and an interim Board appointed. On February 6, 2008, the interim Board was dissolved and a reconfigured Board appointed.

During 2007, Board highlights include the review of numerous operational, financial, environmental, strategic planning, human resource and governance items. The number of meetings attended by each Director during the year:

Director	Meetings attended ¹	
Patricia A.G. Quaroni, Chair	13	(13)
Cheryl Bauer Hyde	13	(13)
Larry Braun ²	1	(2) (Note: one not attended due to conflict of interest.)
Neil Collins	8	(13) (Note: two not attended due to conflict of interest.)
Sarah Gauthier ²	7	(7)
Lyn Kristoff	11	(13)
Al Macatavish	13	(13)
Dr. Michael D. Mehta	12	(13)
Deb Schmidt ²	7	(7)
Mel Watson ²	7	(7)
Bob Linner ³	6	(6)
Tammy Cook-Searson ³	6	(6)
Richard Hordern ³	6	(6)
Kathy Zwick ⁴	3	(4) (Note: one not attended due to conflict of interest.)
Marlaina Hauser ⁵	1	(1)

1. Figures in brackets represent the number of meetings held by the Board during the period the individual was a Director.

2. Appointment expired March 31, 2007.

3. Appointed March 27, 2007.

4. Appointed May 30, 2007.

5. Appointed October 9, 2007.

C) BOARD COMPOSITION

SaskPower's Board of Directors is appointed by the Lieutenant Governor in Council pursuant to *The Power Corporation Act*. The Board consists of nine independent Directors.

D) COMMITTEES

During 2007, the Board had four standing committees to assist in discharging specific areas of Board responsibility:

- Audit and Finance Committee
- Governance Committee
- Environment, Occupational Health and Safety Committee
- Human Resources/Compensation Committee

The full Terms of Reference of each of the committees, as well as the Board of Directors, can be found on the SaskPower website (saskpower.com).

Audit and Finance Committee (nine meetings) - Chair: Lyn Kristoff to January 22, 2008

The Audit and Finance Committee's Terms of Reference mandated the Committee to assist the Board in meeting its responsibilities with respect to financial reporting, internal controls and accountability. The Committee oversaw the risk management reporting of the Corporation and directly interacted with the internal and external auditors. The Committee ensured that the Board was provided with financial plans, proposals and information that were consistent with the Corporation's overall strategic planning and public policy objectives.

During 2007, the Committee reviewed annual and interim financial statements, regular risk reporting packages, corporate balanced scorecard reporting, SaskPower's insurance program, the 2008 Business Plan, as well as the Deloitte & Touche and Provincial Auditor 2006 summaries. The Committee approved the work plan for the internal audit department and monitored quarterly reporting on irregularities. Although there were no significant irregularities in 2007, quarterly reporting enhances and underscores ongoing vigilance in this area. Another highlight for the Committee was review and approval of a revised Purchasing Policy for the Corporation. Finally, the Committee worked actively with management in overseeing the feasibility work for a clean coal generating station.

Environment, Occupational Health and Safety Committee (four meetings) - Chair: Al Macatavish to January 22, 2008

The Environment, Occupational Health and Safety Committee was charged with ensuring that the Corporation proactively addresses safety, health and environmental issues and was in compliance with regulatory and statutory requirements. During the year, highlights included affirming SaskPower's Environmental Policy, reviewing compliance with mining reclamation plans, monitoring the safety and sustainability of dam spillways, as well as tracking changes to federal environmental legislation. The Committee also assessed progress on the implementation of SaskPower's Safety Management System and reviewed incident reporting.

Governance Committee (seven meetings) - Chair: Deb Schmidt to March 27, 2007; Michael Mehta, April 20, 2007, to January 22, 2008

The Governance Committee was responsible for the development, review and effectiveness of SaskPower's corporate governance practices. It also served as ethics advisor for the Board. Its duties included monitoring and evaluating Board and individual Director performance, as well as the effectiveness of the Board committee structure. It was also responsible for conducting Board skills and needs assessments within the process of identifying potential future members. In 2007, its activities included recommending updates to the SaskPower Governance Manual and Execution of Documents Resolution to better align with Canadian Securities Administrators (CSA) Guidelines as well as the revision to the Purchasing Policy. It reviewed position descriptions for the Board Chair, Committee Chairs and Terms of Reference for Board committees. It also evaluated candidates for appointment to the Board and made recommendations for member term extensions. In addition, the Committee examined the results of peer evaluations and discussed future approaches to evaluation.

Human Resources/Compensation Committee (six meetings) - Chair: Mel Watson to March 27, 2007; Cheryl Bauer-Hyde, April 20, 2007, to January 22, 2008

The Human Resources/Compensation Committee was charged with overseeing SaskPower's human resource strategies, programs and practices. Initiatives during the year focused on attracting and retaining a diverse and engaged workforce, given the large number of expected retirements facing the Corporation. The Committee monitored progress on planning and recognition initiatives, diversity programs, employee engagement and leadership succession planning. It also worked with management in developing and recommending board approval for three-year collective bargaining agreements with both the IBEW and CEP and also recommended economic adjustment for management employees.

E) GOVERNANCE PRACTICES

In recent years, SaskPower has made substantial strides in enhancing corporate governance. Prior to 2005, practices were benchmarked to standards set by the Toronto Stock Exchange (TSX) for publicly traded companies. However, the TSX standards were replaced by updated disclosure guidelines set by the CSA. In light of these new guidelines, the SaskPower Board directed a review of existing practices to align with the new standards and refine any practices as required.

This review was substantially completed in 2006. SaskPower recognizes that good corporate governance is a subject for continuous improvement. As a result, it is committed to revisiting key elements of its decision-making processes on an annual basis to ensure they continue to meet best practice standards.

As a Crown corporation, SaskPower is not required to comply with CSA Governance Guidelines. That notwithstanding, the Corporation uses these guidelines to benchmark its governance practices. In fact, the Corporation's practices are substantially consistent with CSA standards. A detailed discussion of SaskPower governance practices in relation to the CSA Guidelines scorecard may be viewed on the SaskPower website (saskpower.com).