



Nova Scotia Power Incorporated
Management Information Circular 2020

Nova Scotia Power Inc.
2020 Annual Meeting of Common Shareholders
June 5, 2020

MANAGEMENT INFORMATION CIRCULAR

(as at April 21, 2020, unless otherwise specified)

Solicitation of Proxies

This Management Information Circular (the Circular) is furnished in connection with the solicitation of proxies by the management of Nova Scotia Power Incorporated (the Company or NSPI) for use at the Annual Meeting of shareholders of the Company (and any adjournment thereof) (the Meeting) to be held on June 5, 2020 at the time and place and for the purposes set forth in the Notice of Meeting delivered to shareholders. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the regular employees of the Company at nominal cost, or by outside parties. All costs of solicitation by management will be borne by the Company.

The contents and the sending of this Circular have been approved by the Directors of the Company.

Appointment and Revocation of Proxies

The individuals named in the accompanying form of proxy (the Proxy) are officers of the Company. **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT HIM OR HER AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY STRIKING OUT THE NAMES OF THOSE PERSONS NAMED IN THE PROXY AND INSERTING THE DESIRED PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE PROXY OR BY COMPLETING ANOTHER FORM OF PROXY.** A proxy will not be valid unless the completed form of Proxy is received by Brian Curry, the Corporate Secretary of the Company, no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or any adjournment thereof, unless the Chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

A shareholder who has given a Proxy may revoke it by an instrument in writing executed by the shareholder or by his or her attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered to Brian Curry, the Corporate Secretary of the Company, at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, any reconvening thereof, or to the Chairman of the Meeting on the day of the Meeting, prior to the commencement of the Meeting or, if adjourned, any reconvening thereof or in any other manner provided by law. A revocation of a Proxy does not affect any matter on which a vote has been taken prior to the revocation.

Voting of Proxies

The persons named in the Proxy will vote or withhold from voting the common shares (Common Shares) represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (i) each matter or group of matters identified therein for which a choice is not specified;
- (ii) any amendment to or variation of any matter identified therein; and
- (iii) any other matter that properly comes before the Meeting.

In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter. Management is not currently aware of any other matter that could come before the Meeting.

Voting Shares and Principal Holders Thereof

Authorized Capital: 1. an unlimited number of Common Shares without nominal or par value;
 2. an unlimited number of first preferred shares, issuable in series; and
 3. an unlimited number of second preferred shares, issuable in series.

Issued and Outstanding: 142,386,779 Common Shares without par value

The date for determining which shareholders are entitled to receive the accompanying Notice of Meeting is April 24, 2020. This is called the "Record Date". Only shareholders of record who hold Common Shares at the close of business on the Record Date will be entitled to vote. Each Common Share owned as of the Record Date entitles the holder to one vote.

On a show of hands, every individual who is present as a shareholder or as a representative of one or more corporate shareholders, or who is holding a Proxy on behalf of a shareholder who is not present at the Meeting, will have one vote, and on a poll every shareholder present in person or represented by a Proxy and every person who is a representative of one or more corporate shareholders, will have one vote for each Common Share registered in his or her name or the name of the corporate shareholder(s) represented by him or her on the list of shareholders,

which is available for inspection during normal business hours at the office of the Corporate Secretary of the Company and will be available at the Meeting.

To the best knowledge of the Directors and Executive Officers of the Company, the persons or companies who beneficially own, directly or indirectly or exercise control or direction over shares carrying more than 10 per cent of the voting rights attached to all outstanding Common Shares of the Company are as follows:

Name	Number of Common Shares	Percentage
Emera Incorporated Halifax, Nova Scotia	142,386,778	99.999%

Common shares are the only voting shares at this time. Under Nova Scotia legislation that applies to the Company, no shareholder may own or control, directly or indirectly, more than 15 per cent of the outstanding voting shares to elect Directors other than Emera Incorporated (Emera). Shareholders who are not residents of Canada may not hold, in the aggregate, more than 25 per cent of outstanding voting shares that may ordinarily be cast to elect Directors. These restrictions may be enforced by limiting non-complying shareholders' voting rights, dividend rights and transfer rights. Shareholders may be required, at any time, to furnish a statutory declaration to verify the number of shares held and/or residency in order to ensure compliance with these restrictions. For more information, see *Capital Structure* in NSPI's Annual Information Form which is available under the Company's profile on www.sedar.com.

BUSINESS OF THE MEETING

All resolutions placed before the Meeting must be approved by a majority of the votes cast.

- Financial Statements:** The audited financial statements of the Company for the fiscal year ended December 31, 2019 and the auditors' report thereon will be placed before the Meeting. These financial statements are available at www.sedar.com under NSPI's profile.
- Election of the Board of Directors:** The nine nominees proposed for election as Directors at the 2019 Meeting are identified under *Director Nominees* in this Circular. All nominees are currently Directors of the Company and have served as Directors from the dates set out under *Director Nominees* below. Each nominee has indicated his or her willingness to serve as a Director. Each Director elected at the Meeting will hold office until the next Annual Meeting of shareholders.

The persons named on the accompanying Proxy intend to vote "for" the nine nominees unless instructed otherwise by shareholders in their Proxy.

- Appointment of Auditors:** The Board pre-approves all services to be supplied by auditors and has reviewed the performance of Ernst & Young LLP, Chartered Accountants, including its independence, relating to the audit.

The persons named on the accompanying Proxy intend to vote "for" the re-appointment of Ernst & Young LLP as auditors of the Company to hold office until the close of the next Annual Meeting of shareholders, unless a shareholder specifies their shares be withheld from voting.

Ernst & Young LLP have been auditors of the Company since August 24, 2012.

- Auditors' Fee:** The Company is incorporated under the Nova Scotia *Companies Act*. Shareholder approval of the authorization of Directors to establish the auditors' fee is required pursuant to the *Act*.

The aggregate fees billed by Ernst & Young LLP for the fiscal years ended December 31, 2019 and 2018, were as follows:

Service Fee	2019	2018
Audit Fees	\$135,700	\$260,600
Audit-related Fees	\$19,600	\$22,600
Tax Fees	\$Nil	\$10,963
All Other Fees	30,000	\$Nil
Total	\$185,300	\$294,163

Tax fees relate to tax advisory services. "All Other Fees" in 2019 are related to a securities offering.

The persons named on the accompanying Proxy intend to vote "for" the authorization of Directors to establish the auditors' fee for 2020, unless a shareholder specifies their shares be voted "against" such matter.

DIRECTOR NOMINEES

The Board of Directors of the Company (the Board of Directors or the Board) presently consists of nine Directors and it is intended to elect nine Directors for the ensuing year.

Directors are elected for a one-year term and the term of the office of each of the present Directors expires at the Meeting. The persons named below will be presented for election at the Meeting as management's nominees. Management does not contemplate that any of these nominees will be unable to serve as a Director. Each Director elected will hold office until the next Annual Meeting of the shareholders of the Company or until his or her successor is elected or appointed, unless his or her office is earlier vacated in accordance with the provisions of the *Companies Act* or the Articles of Association of the Company.

The following table states the name of each nominee for election as a Director, the jurisdiction in which he or she is ordinarily resident, all offices of the Company now held by such nominee, his or her principal occupation, the period of time for which he or she has been a Director of the Company, and the number of Common Shares of the Company beneficially owned by him or her, directly or indirectly, or over which he or she exercises control or direction, as at the Record Date.

Name & Municipality of Residence	Director Since	Principal Occupations During Past Five Years	Securities Held ⁽¹⁾⁽³⁾
Scott Balfour ⁽²⁾ Halifax, Nova Scotia Canada	2016	Chief Executive Officer, Emera since March 2018. Before that, Chief Operating Officer since November 2016. Chief Operating Officer, Northeast and Caribbean from March 2016 to November 2016. Executive Vice President and Chief Financial Officer from April 2012 until March 2016. From May 2011 to April 2012, President of Ensimian Capital Corporation.	Mr. Balfour is subject to the Emera Executive Share Ownership Requirements which require that he own shares and/or deferred share units ("DSUs") valued at five times his salary. He has met these requirements.
Lee Bragg Fall River, Nova Scotia Canada	2010	Executive Vice Chair of Eastlink, a cable and communication company, and its associated communications companies. Prior to he held various management positions with the Bragg Group of Companies.	Voting Shares – Nil Emera Shares – 18,850 DSUs – 15,836 Share Ownership Guidelines - 941%
James Eisenhauer ⁽⁴⁾ Lunenburg, Nova Scotia Canada	2019	President and Chief Executive Officer of AGL Group Holdings Limited (formerly ABCO Group Limited). He previously served as a corporate Director between 2008 and 2016, and as Chair from 2011 to 2016. Member of the Board of Emera Inc. from 2011 to 2019. Member of the Board of Stelia Aerospace North America Inc. since 2014 and its predecessors since 1987. Member of the Advisory Board of Atlantic Industries Limited. Member of the Develop Nova Scotia Board (formerly Waterfront Development Corporation) since 2016.	Voting Shares – Nil Emera Shares – 7,389 DSUs – 57,953 Share Ownership Guidelines – 1,774%
Sandra Greer Tantallon, Nova Scotia Canada	2014	Corporate Director since 2012, former President and CEO of AMIRIX Systems Inc./Vemco (2002-2012), a company engaged in the design, manufacturing and worldwide export of underwater acoustic marine tracking devices. Prior to AMIRIX held various management positions with Bristol Communications and MTT/Aliant now Bell Aliant.	Voting Shares – Nil Emera Shares – Nil DSUs – 12,210 Share Ownership Guidelines – 331%
Raymond Ivany Wolfville, Nova Scotia Canada	2011	Former President and Vice Chancellor of Acadia University from April 2009 to June 2017. From 2007 to 2009 Chair of the Worker's Compensation Board of Nova Scotia. Previously served as President and Chief Executive Officer of the Nova Scotia Community College.	Voting Shares – Nil Emera Shares - Nil DSUs – 24,225 Share Ownership Guidelines - 657%

Name & Municipality of Residence	Director Since	Principal Occupations During Past Five Years	Securities Held ⁽¹⁾⁽³⁾
Richard C. Janega Halifax, Nova Scotia Canada	2018	Chief Operating Officer, Electric Utilities, Canada, US Northeast, and Caribbean, Emera, since March 2018. Director of Nova Scotia Power since May 2018. Director and President and CEO of NSP Maritime Link Incorporated. Chair of the Board of Emera Maine since 2018. President and CEO of Emera Newfoundland & Labrador Holdings Incorporated. Director and President of Emera (Caribbean) Inc. and a Director of both Grand Bahama Power Company and The Barbados Light & Power Company. Former Chief Operating Officer for Nova Scotia Power.	Mr. Janega is subject to Executive Share Ownership Requirements which require that he own shares and/or DSUs valued at three times his salary. He has met these requirements.
Wayne O'Connor	2019	President and Chief Executive Officer of Nova Scotia Power since October 2019. Prior to he held a series of executive leadership positions in Emera companies since 2003, including Executive Vice President, Business Development and Strategy of Emera Inc., Executive Vice President, Operations for Nova Scotia Power, and President and Chief Operating Officer of Emera Energy.	Mr. O'Connor is subject to Executive Share Ownership requirements which require that he own shares and/or DSUs valued at two times his salary. [He has met these requirements.]
Julia Rivard Dexter	2020	Co-Founder and CEO, Squiggle Park. She is a former Olympian and previously served as CEO of SheepDogInc.ca. She was Vice chair of the Board of Governors of the Nova Scotia College of Art and Design, a member of the Canadian Olympic Committee, and a past member of the Nova Scotia Premier's Advisory Council.	Voting Shares – Nil Emera Shares – Nil DSUs – Nil Share Ownership Guidelines – As a new Director, Ms. Rivard Dexter has five years to meet the Guidelines.
J. Mark Rodger Toronto, Ontario Canada	2018	Senior partner and Toronto Regional Co-Chair of the Electricity Markets Group with the law firm, Borden Ladner Gervais LLP, Toronto office. Mr. Rodger is a Director of Logistec Corporation and the Chairman of the Canadian National Trust for Scotland.	Voting Shares – Nil Emera Shares – 5,400 DSUs – Nil Share Ownership Guidelines – 301%

⁽¹⁾ All voting shares of the Company are beneficially owned by Emera, with the exception of one common share held by 3240384 Nova Scotia Limited.

⁽²⁾ Chairman of the Board since May, 2016. Mr. Balfour is President and Chief Executive Officer of Emera.

⁽³⁾ Status under the Share Ownership Guidelines is based on the December 31, 2019 closing price of Emera common shares of \$55.79.

⁽⁴⁾ Mr. Eisenhauer was appointed Lead Director in May 2019.

Meeting Attendance

The Director nominees attended Board of Directors meetings in 2019 as shown in the following table.

	Board	
	#	%
Scott Balfour	7/7	100
Lee Bragg	7/7	100
James Eisenhauer	5/5	100
Sandra Greer	7/7	100
Raymond Ivany	7/7	100
Richard Janega	6/7	85
Wayne O'Connor	2/2	100
J. Mark Rodger	6/7	85

Mr. Eisenhauer joined the Board on May 15, 2019, and therefore was only eligible to attend five Board meetings in 2019 as a Director. Ms. Rivard Dexter did not join the Board until February 2020 and, therefore, did not attend Board meetings in 2019.

Inter-locking Directorships

There are currently no common memberships on boards of public companies among NSPI's Directors.

Corporate Cease Trade Orders or Bankruptcies

No Director of the Company is, as at the date of this Circular, or was within 10 years before the date of this Circular, a director, CEO or CFO of any company that:

- (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued while the proposed director was acting in the capacity as director, CEO or CFO; or
- (b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO.

No Director of the Company:

- (a) is, as at the date of this Circular, or has been within the 10 years before the date of this Circular, a director or CEO of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

No Director of the Company has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Compensation of Directors

Directors who are not employees of NSPI or its parent company, Emera, receive a flat fee of \$85,000 per annum as compensation for their services as Directors. This flat fee means there are no meeting fees, although meeting fees can be provided for ad hoc committee meetings if and when they occur. The compensation for the Lead Director position on the Company's Board of Directors consists of an all-inclusive flat fee of \$170,000 per annum.

NSPI does not offer option-based awards, non-equity incentive plan participation, or participation in any pension plan to its Directors. Directors have the ability to elect to receive some or all of their cash compensation in the form of DSUs.

Total Director Compensation in 2019

Director compensation details are disclosed in the *Table of Compensation Excluding Compensation Securities* and the *Table of Compensation Securities* set forth below. The NSPI President and CEO (Ms. Hutt until October 20, 2019 and Mr. O'Connor from and after October 21, 2019), did not receive any additional compensation for their services as a Director of NSPI. Further, Mr. Balfour, Emera's President and CEO and Mr. Janega, Emera's Chief Operating Officer Electric Utilities - Canada, US Northeast, and Caribbean, are compensated by Emera and do not receive any additional compensation as Directors of NSPI.

All Directors are reimbursed for expenses incurred for attendance at Directors' and committee meetings, and when on NSPI's business.

Director Share Ownership Guidelines

Under guidelines established by the Board of Directors, each non-employee Director must own Emera shares or DSUs, or a combination of the two, equal in value to three times the 2016 annual Board retainer (this amount is \$205,500), within five years of joining the Board. Details of each Director's share and DSU ownership, and status under the share ownership guidelines, is shown in the director nominee biographical information earlier in this Circular.

Directors' DSU Plan

Under the Directors' Deferred Share Unit Plan (the "Directors' DSU Plan"), non-employee Directors may elect to receive all or any portion of their compensation in DSUs in lieu of cash compensation. For more information about the Non-Employee Directors' DSU Plan, see *Directors' DSU Plan* in Emera's Management Information Circular dated April 21, 2020, and which is available under Emera's profile on SEDAR at www.sedar.com.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

NSPI's Board of Directors annually reviews its approach to corporate governance practices. It monitors best practices in order to enhance governance to provide stewardship to NSPI and to oversee management of the business. Set out below is a description of corporate governance practices of the Company.

Board of Directors

All Directors are independent from management, except Mr. O'Connor, who is NSPI President and CEO, Mr. Balfour, who is President and CEO of Emera and Mr. Janega, who is Chief Operating Officer, Electric Utilities – Canada, US Northeast and Caribbean, Emera.

To be considered independent, a Director must be independent as defined under applicable Canadian securities laws and, in particular, must be free of any direct or indirect material relationship which could, in the view of the Board of Directors, be reasonably expected to interfere with the Director's independent judgment. Use of the term "independent" in relation to a Director in this Circular shall refer to the foregoing meaning of that term. None of the independent Directors receive remuneration from the Company other than Directors' retainers, fees or fees for service as committee members.

There were seven Board meetings during 2019. At each Board meeting as a matter of course, an opportunity is provided for an in-camera session at which management is not present. Additionally, at each Board meeting since Mr. Eisenhower's appointment in May 2019 as Lead Director, he has led an in-camera session of only independent Directors of the Board.

Board Mandate

The Board of Directors is responsible for overseeing the management of the business of the Company. The Board is also responsible for overseeing matters of integrity, strategic planning, risk responsibility, leadership and succession, financial reporting, customer service, health, safety and environment, corporate communications and public disclosure, and corporate governance.

On March 7, 2018, the Board of Directors adopted the practice that it would review any transaction with a value equal to or greater than \$2 million (CDN) under which it is proposed that NSPI acquire or provide to an affiliate of NSPI any goods, services, leases, asset transfers or other exchanges of value, other than energy and fuel transactions with affiliates. All such affiliate transactions will require the approval of a majority of the independent directors of the Board in order to be approved by the Board. For greater certainty, energy and fuel transactions with affiliates (whether greater than \$2 million (CDN) or not) are not among the affiliate transactions that require review by the Board or the approval of a majority of the independent directors of the Board.

Further, if a Director becomes aware of any actual or potential conflict between their duties or obligations to NSPI and any other company of which they are a director, officer or employee, the Director will inform the Board of such conflict. If the Board determines there is a conflict, the Director will recuse them self from any deliberations by the Board on matters involving the conflict.

These practices have been formalized in amendments to NSPI's Board of Directors Charter, a copy of which is attached as Appendix A.

Position Descriptions

Chair of the Board

The Chair of the Board, Mr. Balfour is responsible to lead the Board to fulfill its duties effectively, efficiently and independent of management. The Chair ensures Board meetings function effectively, provides leadership of the Board and its committees and provides advice and counsel to Directors and the CEO. The Chair participates in the recruitment of Directors and the assessment of their performance.

Lead Director

Mr. Eisenhower assumed the role of independent Lead Director of the Board of Directors upon re-joining the Board in May 2019. The responsibilities of the Lead Director include supporting the Board Chair in leading governance of the NSPI Board consistent with the Board's Charter; arranging at each regularly scheduled Board meeting, to meet separately with only independent Directors present; chairing meetings of the Board when the Board Chair is not in attendance; and assuming the responsibilities of the Board Chair during meetings of the Board when the Board Chair declares a conflict or otherwise excuses himself from the discussion on an agenda item at a Board meeting and does not participate in a vote.

Committees

The Board undertook a thorough review of governance with a view to maximizing efficiency and effectiveness in the governance of the Company. On the basis of this review, the Audit and Corporate Responsibility Committee and the Human Resources and Governance Committee were dissolved in February 2017, and their responsibilities reverted to the Board of Directors as part of governance restructuring. On the one-year anniversary of this restructuring, the Board reviewed its efficacy and concluded that no change would be made at this time.

Chief Executive Officer

The roles and responsibilities of the President and CEO are contained in their employment contract and in the Articles of Association which provide that the person is the chief executive for the Company.

Orientation and Continuing Education

The Board and management believe that for new Directors to be effective in their roles they must be knowledgeable about the Company, its strategy, strengths and challenges. As well, effectiveness is enhanced as the new Directors form a collegial working relationship with other members of the Board in order to best bring their skills and knowledge to the operation of the Board.

New Directors receive an orientation to the Company that familiarizes them with the business, investments and key personnel of the Company and allows them to effectively integrate with other Board members.

Opportunities for tours of the Company's plants and facilities occur for new and existing Directors. Orientation sessions are attended by the Board Chair, the President and CEO and other executive officers. A reference manual is provided in advance of the session that includes the following:

- (a) recent annual and interim MD&A and financials, Management Information Circular and Annual Information Form;
- (b) Board Charter;
- (c) Strategic Plan and Business Plan;
- (d) guide to the Company's management structure;
- (e) insider trading guidelines;
- (f) Emera Code of Conduct; and
- (g) minutes of Board meetings.

Continuing Education for Directors

The oversight function of Directors is enhanced when they are well informed about the Company's business and its industry. Management continually seeks opportunities to update, educate and inform the Directors in areas they request or that management determines are relevant to issues facing the Company.

The Board receives regular presentations from senior management updating Directors about market and industry conditions and trends that may impact the Company's existing business and influence its strategy.

Periodically the Board receives specialized presentations on various matters of significance to the Company. Directors participated in education sessions and received education materials about specific topics in 2019 as follows:

Education Presentations	Date	Participants
Annual Environmental Oversight for Directors	February 2019	All Directors
Decarbonization Planning – Options in Nova Scotia	June 2019	All Directors
Tour of solar-storage system and mobile slip simulator	June 2019	All Directors
Affiliate Code Review and Education Session	September 2019	All Directors

The Board encourages and pays for Directors to pursue education sessions provided by third parties that are directly related to the business of the Company and the performance of their duties as a Director of the Company. As such, Directors individually attended a variety of relevant educational or training sessions to enhance their effectiveness as members of the NSPI Board.

Board Dinner Sessions

Board dinner sessions are scheduled the evening prior to regularly-scheduled Board meetings. Board dinners are a critical opportunity to accomplish a number of important governance objectives, including:

- Meeting as directors in an atmosphere that is not a board meeting;
- Meeting in a less formal atmosphere with the CEO and other senior officers;
- Holding educational sessions on important topics for the Company's business and strategic direction;
- Meeting high-potential employees in order to advance the succession planning for the Company; and
- Strengthening Directors' collegial working relationship.

Ethical Business Conduct

The Board recognizes the importance of establishing and promoting integrity and ethical business practices throughout the Company. The Board encourages and promotes a culture of ethical business conduct.

Emera adopted a new Code of Conduct in 2016 when Emera and TECO Energy, Inc. closed their merger transaction, replacing Emera's Standards for Business Conduct and TECO's Code of Ethics & Business Conduct. When they join and annually thereafter, Directors, officers and employees of Emera and its subsidiaries are required to sign a form acknowledging they have reviewed, understand, are currently in compliance, and agree to comply with our Code.

The Code of Conduct is available on the Emera's website at www.emera.com, or a copy may be obtained by contacting the Chief Human Resources Officer, Emera, P.O. Box 910, Halifax, Nova Scotia B3J 2W5.

Under the Company's Articles of Association, Directors are required to declare any interest which they may have in a matter before the Board. In any matter requiring approval of the Board, a Director is prohibited by the Articles from voting in respect of the matter in which the Director is interested.

Nomination of Directors

The Company's Board of Directors is responsible for providing the Company with a list of nominees for election as Directors prior to each annual meeting of shareholders of the Company. The Board creates and reviews the criteria for selecting Directors by assessing the personal qualities, business experience, and qualifications of current Directors. Recruitment activity is currently ongoing to recruit an additional Director to the Board, with particular emphasis on gender diversity.

Age Limit

Director nominees must be under 70 years of age at the time of the Company's annual meeting in order to qualify for nomination. In certain exceptional circumstances, the Board may determine and recommend that an individual be permitted to serve as a member of the Board beyond age 70 because of the individual's contribution and skills. Such determination is made annually.

Term Limits

The Board does not have term limits for Directors.

Board Diversity

To ensure that there are a significant number of women on the Company's Board of Directors, the Company recruits Board members under a long-standing written corporate governance practice, which requires that no fewer than 25 per cent of the members of the Board of Directors are women. The list of Director nominees for the annual shareholders' meeting on June 5, 2020, includes two women out of nine Director nominees, or 22 per cent. As mentioned above under *Nomination of Directors*, the Company has an active recruitment process underway, with particular emphasis on gender diversity, particularly in light of the Board having fewer than 25 per cent women on the Board at this time.

This governance practice reflects the Board's view that gender diversity is an important part of fostering diversity of perspective and experience around the Board table, leading to improved overall performance of the Board.

Representation of Women in Executive Officer Appointments

The Company believes in the benefits of inclusion, however, there are no imposed targets regarding women in executive officer appointments. Among the executive officers of the Company, currently three are women, representing 30 per cent.

Management is of the view that inclusion at all levels brings many benefits to the business and has placed greater focus on attracting diverse talent. Management continues to be focused on ensuring NSPI's hiring and pay practices promote equity between men and women. Progress is being made. Furthermore, the Nova Scotia Power scholarship program was redesigned to redirect a portion of the funds to underrepresented groups, including women in trades and technology. We now offer six scholarships specifically for women.

NSPI is now in the second year of a multi-year plan leveraging best practices within the businesses and aligning all businesses with an overall Inclusion and Diversity strategy. Some of the key areas NSPI will continue focusing on include;

1. Analyze pay equity annually.
 - a. Complete a wage gap analysis to track progress and identify challenges.
 - b. Exercise selective pay increases if wage disparity exists.
 - c. Annually review the compensation of women in leadership and senior leadership roles.
2. Develop and promote programs, such as the Engineer in Training program, that are focused on increasing female participation in the industry, particularly for traditionally male dominated roles.
3. Examine the recruitment strategies to ensure equity in pay at entry into the organization.

Ad Hoc Committees

From time to time the Board may establish ad hoc committees to assist the Board on specific matters of a temporary nature.

Board and Director Performance Assessments

The Board regularly assesses its effectiveness in order to find ways to improve its performance. The Board annually determines the process by which Director performance assessments will be conducted. The assessment process has included one-on-one interviews with Directors by the Board Chair. A report on the assessment is provided to the Board of Directors. Issues arising from the assessment are identified, an action plan is developed and progress is monitored by the Board.

The Independent Lead Director also meets with the independent Directors to evaluate the performance of the Chair.

2019 Board and Director Performance Assessment

For the 2019 Board and Director Performance Assessment, the Chair spoke to each Director of NSPI in order to receive feedback about the effectiveness of the Board's operation. The Chair provided a report on the Assessment to the Board at its meeting in February 2020.

STATEMENT OF EXECUTIVE COMPENSATION

The Boards of Directors of Emera and NSPI make decisions on the compensation for NSPI's Executive Officers, based on the recommendations of Emera's Management Resources and Compensation Committee (MRCC). The NSPI Board and MRCC oversaw the administration of all NSPI executive compensation plans and programs for 2019. For purposes of this *Statement of Executive Compensation*, the term "Company" may refer to NSPI, Emera or both, as applicable.

Compensation Philosophy

The purpose of the Company's executive compensation program is to:

- reward executives for sustained increases in shareholder value;
- attract, retain and motivate highly qualified and high-performing executives; and
- align the interests of executives with the interests of the Company's shareholders and customers.

Programs include both short- and long-term incentive plans that are designed to reflect the Company's pay-for-performance philosophy and to provide for a significant portion of an executive's compensation to be at risk, while aligning the structure of programs and payouts with sound risk management and good governance principles.

Market Competitiveness

The Company's executive compensation program is designed to generally provide total target compensation at the median or 50th percentile of compensation paid by similarly sized companies in similar industries. Pay positioning, in some specific cases, can be above or below the median based on experience, uniqueness of responsibilities and performance. "Total target compensation" for senior management, including the named executive officers (NEOs), is comprised of base salary, target short-term incentive and target long-term incentives linked to total shareholder value.

Pay-for-Performance

A central tenet of the Company's executive compensation philosophy is that a significant portion of executive compensation must be at risk and linked to the achievement of objectives that measure whether shareholders are experiencing strong value for their investment. The at-risk components include both short- and long-term incentives, which establish measurable financial, customer, asset, employee and safety objectives that, if achieved, add value to the Company.

The incentive compensation plans are designed to pay larger amounts for superior performance and smaller amounts if target performance is not achieved. The Company must achieve a threshold level of performance for any payment against a particular objective, failing which there is no payment against that objective. Executives' performance against those objectives is measured and rated by the President and CEO, the NSPI Board, the MRCC and the Emera Board.

Generally, the at-risk compensation component of total compensation increases in conjunction with the individual executive's level of responsibility. Management considers many factors when developing the incentive plans, including current compensation trends, plan costs (including maximum payout values), expected value to be delivered to participants and analysis of threshold, target and stretch payouts. Both short- and long-term incentive plan designs are modelled using historical and prospective performance scenarios. This stress testing provides the MRCC and NSPI Board with reasonable assurance that the plan payouts will be appropriate and aligned with shareholder and Company objectives. The Company conducts analyses every year to determine how actual payouts compare to expected payouts and whether the plan components and design require any changes.

The NSPI Board and MRCC reserve the right to exercise discretion in recommending that the Emera Board adjust compensation payouts to align with Company results, which may include refraining from paying out any amounts under the incentive compensation plans where circumstances warrant.

Best Practices

The NSPI Board and MRCC consider best practices in determining and monitoring executive compensation as discussed in this Circular. Our key practices, which we believe promote good governance and serve the interests of our shareholders and customers, are summarized below:

What We Do
Align the Company's compensation programs with its corporate strategy through the use of financial and non-financial performance metrics that support both short- and long-term strategic goals.
Retain an independent compensation advisor for the MRCC that does not provide any services directly to management.
Allow for the reduction or withholding of payouts under the short-term and equity-based incentive plans for results below expectations, at the discretion of the NSPI Board, MRCC and Emera Board.
Test compensation awards for appropriate alignment between pay and performance under a number of scenarios.
Align executive pay with shareholders' interests by having a significant component at risk and tied to both short- and long-term performance.
Have significant share ownership requirements in place for named executive officers, which include a one-year post-retirement hold period.
Defer a substantial portion of long-term incentives for the majority of the senior executives and for other employees whose actions may have a material impact on the Company's risk profile to discourage the taking of short-term or excessive risks.
Conduct pay equity analyses to help ensure the Company's hiring and pay practices promote gender equality.
Have a pension oversight governance framework in place for pension benefits.
Monitor the ratio of the Company's NEOs' total compensation to the average employees' total compensation.
Have a clawback policy that allows the Company to recoup short- and long-term incentive payments made to senior executives.
What We Don't Do
Allow for the repricing or backdating of stock options.
Allow the payment of dividends on share awards prior to vesting.
Count unvested share awards, awards that are subject to performance criteria, or unexercised stock options toward share ownership requirements.
Allow executives to hedge, pledge, or otherwise reduce or limit their economic risk with respect to any Emera securities they hold.
Grant additional years of credited service to NEOs under the Company's pension plan or supplemental employee retirement plan.
Compensate executives for sitting on or chairing the boards of subsidiaries of the Company.

Governance

The MRCC and NSPI Board are responsible for reviewing the alignment of the Company's compensation programs, including incentive pay programs, with the Company's strategic plans, performance and risk management principles. The MRCC and NSPI Board annually review compensation for senior management of the Company.

The MRCC oversees the administration of the incentive plans providing for the award of short-term incentives, stock options, performance share units (PSUs) and deferred share units (DSUs) in accordance with the provisions of the respective plans. The MRCC reviews, and recommends to the Emera Board, compensation policies and processes, any new incentive and equity compensation plans and any changes to such plans.

Risk Management and Compensation

As part of the oversight responsibilities for the design and administration of the Company's executive compensation programs, the MRCC and NSPI Board identify and discuss design features or processes that may potentially represent conflicts of interest or inducements for unnecessary or excessive risk-taking by senior executives.

The MRCC and NSPI Board also regularly monitor industry trends with respect to risk management and conduct an annual risk assessment. The compensation programs and policies are designed to incorporate the Company's view on appropriate risk, as demonstrated by the elements shown below, which are discussed in greater detail in the sections that follow:

The Company regularly reviews its executive compensation programs with third-party compensation advisors to confirm the programs continue to align with shareholder interests and comply with regulatory requirements and are consistent with sound principles of risk management and governance. The MRCC retains an independent compensation advisor that does not provide any services directly to management.
The Company has a pay-for-performance philosophy and the mix of short- and long-term programs assist in mitigating excessive risk taking.
Vesting requirements, stress-testing potential payouts, clawback provisions, an anti-hedging policy and share ownership requirements are part of the Company's overall plan design.
The Company's compensation governance structure involves the NSPI and Emera Boards, the MRCC, the MRCC's external compensation advisor, management and management's external compensation advisors.

All members of the MRCC are knowledgeable individuals who have the necessary background and expertise in human resources issues and compensation matters to fulfil their obligations to the Emera Board, NSPI Board and to the Company's shareholders.

Risk Assessment

In 2019, the MRCC conducted its annual compensation risk review of its executive compensation programs and policies. To assist in the review, Management engaged Mercer (Canada) Ltd. ("Mercer") to evaluate the previous year's comprehensive risk assessment that Mercer conducted for any material changes over the course of the year, including the changes the Company made to its long-term incentive program as described in *Changes to the Long-Term Incentive Plan*. Mercer again concluded that the Company has risk mitigation policies in place that are aligned with market best practices and did not identify any material risks arising from the Company's compensation policies and practices. Based on this assessment, the MRCC, determined that:

- Total compensation is appropriately balanced between short-term and long-term horizons, and the mix of base salary and short- and long-term incentives does not create an inducement to take inappropriate risk to the detriment of the Company's shareholders;
- The existence of multiple performance measures in the incentive plans (including non-financial measures) helps to avoid undue focus on any one particular metric;
- The Short-Term Incentive Plan focuses on growth of annual earnings and cash flow, but caps incentive payouts in a manner consistent with market practice, thereby reducing risk;
- Risks associated with the Long-Term Incentive Plan are mitigated by annual grants (versus front-loading grants) of PSUs and stock options;
- The MRCC, NSPI Board, and Emera Board's discretion to reduce or withhold payment under the short-term and equity-based incentive plans for results below expectations decreases any risks associated with those plans;
- The vesting conditions on retirement are an important retention tool for designated executives of the Company; and
- The clawback policy contributes to the Company's risk mitigation efforts. The clawback policy allows the Company to recoup short- and long-term incentive payments made to senior executives in cases where: (a) such payments were based upon reported financial results that were subsequently corrected or restated as a result (or partial result) of the executive's gross negligence, misconduct, or fraud and the reward received would have been lower had the financial results been properly reported; or (b) where the executive commits a serious breach of the Company's Code of Conduct; and

Accordingly, based on the governance practices in place and the results of the risk assessment, the MRCC concluded that the Company's compensation programs do not pose a material risk to the Company because an appropriate system of checks and balances is in place to mitigate the level of risk undertaken by management. The MRCC satisfies itself as to the adequacy of the information it receives regarding risk, the independence of the risk assessment, and the reporting of financial results on which certain important compensation decisions (such as incentive payouts) are based.

The MRCC and the NSPI Board will continue to review the relationship between enterprise risk and the Company's executive compensation plans and policies to confirm they continue to be optimally aligned with shareholder interests while maintaining an acceptable level of risk exposure.

Compensation Advisors

The MRCC and NSPI Board retain the services of independent compensation advisors to assist in discharging their duties, including determining the compensation payable to the President and CEO and other senior officers.

Since 2007, the MRCC has engaged Hugessen Consulting Inc. ("Hugessen") as its principal advisor to provide independent advice, compensation analysis and other information for compensation recommendations. Hugessen provides advice on the competitiveness and appropriateness of compensation practices and comparator groups for the Company and provides advice to the MRCC on policy recommendations made by management. As independent advisors to the MRCC, Hugessen does not provide any professional services to management.

In addition to the MRCC's compensation advisor, in 2019 the Company engaged the services of Mercer and Morneau Shepell to assist in executive compensation matters.

In making its decisions on the compensation program, the NSPI Board and MRCC review information and recommendations provided by Hugessen, Mercer, and Morneau Shepell, but all decisions remain the responsibility of the MRCC, the NSPI Board and the Emera Board.

The table below summarizes the fees Emera paid to all external compensation advisors in 2018 and 2019.

Advisor	2019		2018	
	MRCC work (\$)	Other work (\$) ⁽¹⁾	MRCC work (\$)	Other work (\$)
Hugessen Consulting Inc.	137,329	Nil	114,656	Nil
Morneau Shepell	Nil	74,655	Nil	39,771
Mercer (Canada) Limited	Nil	183,100	Nil	129,000

(1) Mercer (Canada) Limited was retained by the Emera Nominating and Corporate Governance Committee in 2019 to review directors' compensation; the fees for that review are included in the amount shown.

COMPENSATION DISCUSSION AND ANALYSIS

For the purposes of compensation disclosure, the individuals disclosed in this Compensation Discussion and Analysis are the President and CEO, the Chief Financial Officer, and the next most highly compensated executive officer of Nova Scotia Power Inc. or its subsidiaries, as defined by Canadian securities legislation (the "Named Executive Officers" or "NEOs"):

- **Karen Hutt**, President and Chief Executive Officer, Nova Scotia Power Inc. from January 1, 2019 to October 20, 2019 ("Former President and CEO"). Ms. Hutt moved to the role of Executive Vice President, Strategy and Planning at Emera Inc., effective October 21, 2019;
- **Wayne O'Connor**, President and Chief Executive Officer, Nova Scotia Power Inc. from October 21, 2019 to December 31, 2019 ("President and CEO"). Mr. O'Connor was Executive Vice President, Strategy and Planning at Emera Inc. prior to moving to the role of President and Chief Executive Officer of Nova Scotia Power Inc.;
- **Greg Blunden**, Chief Financial Officer, Emera Inc. from January 1, 2019 to December 31, 2019; and
- **Bruce Marchand**, Chief Legal and Compliance Officer, Emera Inc. from January 1, 2019 to December 31, 2019.

Compensation Process

Benchmarking Data

The NSPI Board and MRCC are responsible for annually reviewing the composition and use of comparator groups and to assist in determining the compensation recommendation for the Company's senior officers, which are then brought to the Emera Board for approval. The MRCC and NSPI Board undertake periodic reviews of compensation design and total compensation opportunities for the senior management team, which helps ensure the programs are current and that they fairly compare for particular roles, recognizing varying responsibility and scope of executive positions within the Company.

Management engages the services of Mercer, an independent compensation advisor, to compile market information on senior management compensation relating to base salary, short-term and long-term incentives. The MRCC also uses its independent compensation advisor, Hugessen, to assist in providing benchmarking data and advice when setting executive compensation levels and making changes to the Company's compensation programs.

A complete benchmarking review takes place at least every two years and the scope of services includes: competitive market reviews of senior executive compensation levels; review and observations of current executive compensation philosophy, policies and practices; and a review of pay and performance comparators.

2019 Compensation Decisions

To assist in determining the appropriate compensation ranges for base salaries, target short-term incentives and target long-term incentives for the senior executive team at the beginning of 2019, the NSPI Board and MRCC reviewed compensation data based on a comparator group of companies.

For the President and CEO role, the comparator group primarily consisted of companies in the Canadian utility sector that are of comparable size to NSPI, which was generally viewed as being within the range of half to twice NSPI's revenue and total asset size. The following is the comparator groups for the President and CEO:

Pay Benchmarking Comparator Group (Applicable to President & CEO)

Utilities Industry Comparators	
Alberta Electric System Operator	FortisBC Inc.
ENMAX Corporation	Northland Power Inc.
EPCOR Utilities Inc.	Toronto Hydro Corp.
Fortis Alberta Inc.	

The Company's comparator group for the Chief Financial Officer and Chief Legal and Compliance Officer consists of two sub-groups: (1) a Canadian group made up of companies in the Canadian utility, energy and general industry sectors; and (2) a US group made up of US utility and energy companies. It consists of the following companies:

Pay Benchmarking Comparator Group (Applicable to Chief Financial Officer and Chief Legal & Compliance Officer)

Canadian Comparators	US Comparators
Energy & Utility Industry Fortis Inc. Hydro One Ltd. ATCO Ltd. TransAlta Corp. Enbridge Inc. TC Energy Corp. Pembina Pipeline Corp. Inter Pipeline Ltd. AltaGas Ltd. General Industry Rogers Communications Inc. Loblaw Companies Ltd. Restaurant Brands International LP TELUS Corp. Nutrien Ltd. CGI Group Inc. Goldcorp Inc. Canadian Tire Corp. Ltd. First Quantum Minerals Ltd. Teck Resources Ltd.	Energy & Utility Industry Sempra Energy WEC Energy Group, Inc. Eversource Energy DTE Energy Company CMS Energy Corp. Ameren Corp. SCANA Corp. CenterPoint Energy, Inc. NiSource Inc. Alliant Energy Corp. Pinnacle West Capital Corp. UGI Corp. Evergy, Inc. Atmos Energy Corp. OGE Energy Corp.

The MRCC and NSPI Board continue to regularly review the composition of the comparator groups to ensure they continue to reflect the Company's characteristics.

In addition to using publicly disclosed compensation data from the companies in the comparator group, the MRCC and NSPI Board also use Mercer's Total Compensation Survey for the Energy Sector to benchmark executive compensation using data from energy and services companies of similar size to NSPI and Emera. To provide sufficient data in some cases, the Mercer Benchmark Database Survey, which is a general industry database, is also used to expand the survey scope to include Canadian general industry companies of similar size.

With the assistance of Hugessen and Mercer, the NSPI Board and MRCC conducted a compensation benchmarking review of the executive team for 2019 using the above companies and survey data and undertook a review of the competitiveness and appropriateness of Emera's compensation programs. More details on the results of the review are provided in the next section.

Annual Compensation Review Process

For each executive position, a range for base salary, target short-term incentive, and target long-term incentive is established annually, using the benchmarking data along with other information on industry trends for positions of similar scope and responsibility.

Annual performance assessments are conducted on members of the senior management team, including each of the NEOs, which shape the annual salary adjustment recommendations. Based on the performance assessments and the benchmarking data, the Emera MRCC, NSPI Board and Emera Board make decisions on total target compensation for each NEO. As part of the annual compensation review process, the MRCC and Boards review emerging best practices and risk considerations.

At the end of 2018, both Management's compensation advisor, Mercer, and the MRCC's compensation advisor, Hugessen, provided the results of their benchmarking reviews, which assisted in setting the compensation levels for the NEOs for 2019.

The changes made to the compensation of the respective NEOs in 2019 are reflected in the *Table of compensation excluding compensation securities*.

Elements of Compensation**Base Salary**

As noted in *Benchmarking Data*, the MRCC and NSPI Board are responsible for annually reviewing the composition of the compensation the Company pays its executives, including base salary. While the MRCC and NSPI Board focus on total compensation as a whole (which consists of base salary, short-term incentive and long-term incentives), base salary remains an important part of the overall compensation package the Company offers its executives.

Short-Term Incentive Program

The compensation awarded under the Short-Term Incentive Program (STIP) links a portion of an executive's compensation to the achievement of predetermined levels of performance in support of corporate and business unit objectives. These objectives are designed to focus on short-term goals (typically on an annual basis) that are intended to deliver value to customers and contribute to increased shareholder value in the longer term. Emera and NSPI have adopted the scorecard approach to translate corporate strategies into measurable incentive plan goals. Target payouts under the scorecards are generally set as a percentage of salary and are benchmarked against the median for positions with similar responsibilities in comparator companies.

The NSPI and Emera Boards approve scorecards that set forth corporate objectives and related threshold, target and stretch performance levels to be achieved each year. Short-term incentive payouts for the majority of senior management, including the NEOs, are based on scorecard results with potential payouts ranging from 0 to 200 per cent of target.

Short-term incentive payouts for all NEOs are calculated based on results achieved through a corporate scorecard.

2019 Short-Term Incentive Results

2019 Nova Scotia Power Incorporated (NSPI) Corporate Scorecard

The 2019 NSPI Scorecard set out corporate objectives and related threshold, target and stretch performance levels for 2019. It was used to determine the short-term incentive payout for Ms. Hutt and Mr. O'Connor for the portion of the year worked at NSPI.

The NSPI Scorecard is developed and recommended by NSPI management for approval by the NSPI Board at the beginning of each year. The following table shows the objectives of the NSPI Scorecard for 2019.

Corporate Objective	Targets	Weighting (%)	Result	Payout (%)
Safety, Health & Environment Build and sustain continual improvement toward world class safety & health performance; Build and maintain an environmental program that manages compliance and controls risks	Objectives included: <ul style="list-style-type: none"> Complete job task inventory and job safety analysis (JSA) for identified critical tasks, including development plan for remaining JSAs; Develop corrective action plan for baseline safety assessment/safety engagement survey and complete identified deficiencies; Environmental audit action plans completed; Proactive Incident Rate (PAIR) >= 250; Develop the Emera Safety Management System elements, as per Emera development schedule; No significant environmental incidents and no level 1 findings in NSPI environmental systems audit; Develop safety audit & compliance schedule (2019–2021) and complete internal audit of two high risk activities (this measure cannot be achieved unless there are fewer injuries in 2019 vs. 2018); No more than nine moderate environmental incidents. 	15	Stretch	30
People Foster high performance culture through results and the diversity of our people	Objectives included: <ul style="list-style-type: none"> 90% of leaders successfully complete online training on 'Overcoming Your Own Unconscious Biases'; 80% of leaders successfully attend training on creating a welcoming and inclusive workplace; In response to the Employee Engagement Survey, work groups to develop a plan to improve workplace efficiency within their workgroup, with at least 75% of those plans delivering on their 2019 improvements; Leaders roll out each of the seven leadership competencies to their teams with at least 95% of non-union employees to receive the training; 100% of leaders with direct reports complete change management training for 2019 by leaders with direct reports. 	10	Stretch	20
Customer⁽¹⁾⁽²⁾ Increase customer value, improve system reliability and improve customer satisfaction	Objectives included: <ul style="list-style-type: none"> Deliver on 2019 Advanced Metering Infrastructure (AMI) project objectives; Deliver 5% more solutions to customers as compared to 2018 actuals; System Average Interruption Duration Index (SAIDI) x System Average Interruption Frequency Index (SAIFI) <= 10% improvement of 5-year average (including extreme events); Customer satisfaction is as good as the best customer satisfaction score (CSAT) year in the last 5 years (83.6%). 	20	Between Target and Stretch	39.3
Asset Management Modernize our asset base by implementing next-generation technologies to better service our customers and continue active management of our generation resources to the benefit of customers	Objectives included: <ul style="list-style-type: none"> 90% of projects >\$1.5M are executed in 2019 with total spending within plus 2.5% or minus 10% of total project budget; Meet the scheduled deliverables for the Integrated Resource Plan (IRP); Meet the scheduled deliverables for the 2019 cyber security plan. 	25	Target	25
Financial⁽³⁾ Sustainable Financial Results	<ul style="list-style-type: none"> Net Earnings of \$136.2M (weighted 2/3); \$10M customer value from Maritime Link in 2019 (weighted 1/3). 	15	Between Target and	23.6
	<ul style="list-style-type: none"> Cash flow from operations \$335M and average working capital as % of revenue 15.9%. 	15	Below Threshold	0
		100	Total:	137.9

(1) Percentage payouts, below or above target for financial measures, are interpolated on a scale between each level of performance (50 per cent for threshold, 100 per cent for target and capped at 200 per cent for stretch).

(2) The threshold level for the net earnings objective was earnings of \$132.3M and \$2M in customer value from the Maritime Link in 2019. The target level was earnings of \$136.2M with \$10M in customer value from the Maritime Link in 2019. The stretch level was earnings of \$136.2M plus either an incremental \$3M invested in OM&G reliability or \$15M in customer value from the Maritime Link in 2019. The overall result was between target and stretch.

(3) The threshold level for the cash flow from operations objective was \$319M and the target level was \$335M. The threshold level of average working capital as a percentage of revenue was 17.4 per cent and the target level was 15.9 per cent. The results fell below threshold. The results of cashflow from operations exceeded target, however, average working capital as percentage of revenue fell below threshold and therefore the combined results were below threshold.

Based on the Company's achievements against the corporate objectives in the Scorecard, the NSPI Board approved an overall Scorecard result of 137.9 per cent of target.

2019 Emera Corporate Scorecard

The scorecard for Emera (“Emera Corporate Scorecard”) was developed by management and approved by the Emera Board of Directors, on the recommendation of the MRCC, at the beginning of 2019. The Scorecard for Emera (“Emera Corporate Scorecard”) was developed by management and approved by the MRCC and the Emera Board at the beginning of 2019. It was used to determine the short-term incentive payout for Mr. Blunden and Mr. Marchand. It was also used to determine the short-term incentive payout for Ms. Hutt and Mr. O’Connor for the portion of the year worked at Emera Inc.

The Emera Corporate Scorecard objectives were based on the Company’s Business Plan for the year and established threshold, target and stretch performance standards for each objective.

The following table shows the elements and results of the Emera Corporate Scorecard for 2019.

Emera Corporate Objective	Threshold (\$)	Target (\$)	Stretch (\$)	Weighting (%)	Actual Result (\$)	Percentage Payout (%) (1)
Cash From Operations ⁽²⁾	1,261M	1,576M	1,891M	40	1,502M	35.3
Net Income After Tax ⁽²⁾	529M	622M	715M	40	617M	38.9
Safety	Objectives included: <ul style="list-style-type: none"> Complete job task inventory and job safety analysis for identified critical tasks Develop corrective action plan for baseline safety assessment/safety engagement survey and complete identified deficiencies Proactive Incident Rate (PAIR) >=250 Develop the Emera Safety Management System elements Develop affiliate safety audit and compliance schedule (2019 - 2021) and execute year 1 affiliate audit and compliance program which includes completing, at a minimum, internal audits of two high risk activities 			10	Stretch Achieved	20
People, Environment & Corporate Social Responsibility	Objectives included: <ul style="list-style-type: none"> Emera wide inclusion and diversity plan established and adopted by all affiliates Environmental audit program completed without findings of major risk 90% of Emera Inc. employees identify a Leadership Competency as part of their development plan and complete an associated learning module through the company’s e-learning platform Environmental critical targets are 100% complete. Redesign of Emera’s shared services model and development of an Emera learning strategy 			10	Stretch Achieved	20
				100		Total: 114.2

(1) Percentage payouts, below or above target for financial measures, are interpolated on a scale between each level of performance (50 per cent for threshold, 100 per cent for target and capped at 200 per cent for stretch).

(2) Cash from operations and Net Income After Tax for compensation purposes do not have a standardized meaning as prescribed by US GAAP. Emera calculates these non-GAAP measures by adjusting reported cash from operations and net income after tax for specific items the Company believes are significant, but not reflective of underlying operations in the period. Emera’s Management and Board of Directors use these non-GAAP measures as part of the evaluation of the Company’s performance for compensation purposes. Cash from operations for compensation purposes in 2019 reflected net cash provided by operating activities adjusted for transaction costs related to the sale of Emera Maine and to translate USD-generated cash flow to the budgeted foreign exchange rate of \$1.00 USD = \$1.30 CAD. Net income after tax has been adjusted for mark-to-market adjustments, the Grand Bahama Power Company impairment charge (as described in the “Non-GAAP Financial Measures” section of Management’s Discussion and Analysis for 2019), transaction costs related to the sale of Emera Maine, and to translate USD earnings to the budgeted foreign exchange rate of \$1.00 USD = \$1.30 CAD. The Company translates net cash provided by operating activities and USD earnings to CAD earnings using a budgeted foreign exchange rate to ensure that fluctuations in the foreign exchange rate do not positively or negatively impact the measurement of the Company’s performance results against its targets.

The financial targets reflected in the Scorecard are established in linkage to per share outcomes but are set at absolute levels to avoid the risk of incentive impacts influencing the timing of financing decisions within the year. Both the cash from operations and net income after tax results fell between the threshold and target levels of performance.

The Safety measure achieved the stretch level of performance, with the Company delivering on all the established safety objectives. The Company also achieved stretch on the People, Environment & Corporate Social Responsibility measure, delivering on all the objectives set at the beginning of 2019.

Based on the Company’s achievements against the objectives in the Emera Corporate Scorecard, the overall result was 114.2 per cent of target.

The cash from operations and net income after tax figures that are shown in the Emera Corporate Scorecard are adjusted from the Company's reported figures. The Company considers the following general principles when determining whether it should adjust financial results for incentive plan purposes:

- The Company adjusts the reported figures for specific items the Company believes are significant, but not reflective of underlying operations in the period.
- Incentive compensation should be directly linked to the performance of the core business and delivering on the plan of record. Meaningful accounting gains or losses are generally the result of strategically or financially driven transactions in which there has been direct involvement and support of the Board; therefore, the impacts of the transactions should typically be excluded from incentive compensation, except as noted below. The Company does not want its strategically or financially driven decisions to be influenced by compensation impacts.
- The Company should, however, consider including all or some portion of the gain (positive impact) or loss (negative impact) if such gain or loss appropriately reflects the value creation or value destruction and overall performance of management in the decision or execution of the transaction leading to such gain or loss.
- Perfect alignment of performance and compensation can be elusive from year to year. Therefore, the Board reserves the right to adjust incentive payouts in either direction to satisfy itself that there is close alignment between performance and compensation.

The table below shows the reconciliation between the reported and adjusted figures used in the Emera Corporate Scorecard:

Cash from Operations Reconciliation (in millions \$)	2019
Reported cash flow before working capital	1,598
Deduct: Change in working capital	(73)
Operating cash	1,525
Deduct: Adjustment to translate USD earnings to budgeted foreign exchange rate	(31)
Add: Adjustment for transaction costs related to the sale of Emera Maine, pretax	8
Adjusted cash from operations for compensation purposes	1,502
Net Income After Tax Reconciliation (in millions \$)	2019
Reported net income after tax	663
Deduct: After-tax mark-to-market gain	(76)
Deduct: Adjustment to translate USD earnings to budgeted foreign exchange rate	(11)
Add: Adjustment for Grand Bahama Power Company impairment charge	34
Add: Adjustment for transaction costs related to the sale of Emera Maine, net of tax	7
Adjusted net income after tax for compensation purposes	617

Long-Term Incentive Program

There are two primary components of long-term incentive compensation for senior management, including the NEOs: the Performance Share Unit Plan (the "PSU Plan") and the Senior Management Stock Option Plan (the "Stock Option Plan"). The MRCC is responsible for granting PSUs and stock options.

The number of PSUs and stock options granted to senior management is determined after considering competitive benchmarking data and the individual's level of responsibility within the Company. Grants are calculated each year based on each executive's long-term incentive target percentage and base salary and, generally, the grant amount increases with the level of responsibility. The values of PSUs and stock options increase or decrease over the term of a particular grant based on increases or decreases in Emera's common share price.

The MRCC takes into account previous grants and looks at a three-year history of total compensation each year before approving any new stock option and PSU grants for senior management (including the NEOs). This helps to ensure grants remain reasonable in light of market data, the performance of the Company and the performance of the individual.

In 2019, PSUs made up 75 per cent of the target long-term incentive compensatory value and stock options made up the remaining 25 per cent for all NEOs.

More details about the PSU Plan and the Stock Option Plan are set forth below.

Performance Share Unit Plan

The PSU Plan is designed to retain and incent employee participants by allowing senior management and key employees in specific roles to participate in the long-term success of the Company. A PSU is a notional share unit that is based on the value of an Emera common share –

the value of a PSU changes directly in correlation to the value of an Emera share. PSUs also earn dividends similar to Emera shares; when a dividend is paid on Emera's common shares, each participant is allocated additional PSUs based on the dividend paid on an equivalent number of Emera common shares.

Each year, designated senior leaders are awarded PSUs based on a pre-determined target of their base salary and the average 50 trading-day Emera common share price immediately preceding the effective grant date (the average is used to smooth out any short-term fluctuations in the share price). Each PSU grant has a three-year performance period. In addition to being affected by fluctuations in the Emera share price, the value of a PSU is also dependent on the achievement of financial objectives that help measure the increase in shareholder value. The MRCC establishes these financial objectives at the beginning of the performance period. By linking the value of the PSUs to Emera's financial performance, the plan aligns the interests of senior leaders with the interests of Emera's shareholders and helps ensure that payouts are consistent with Company performance and shareholder experience. All PSU grants and payouts must be approved by the MRCC.

At the end of the performance period, a performance factor is applied to the PSU grant based on the achievement of the financial objectives. If the Company fails to meet the performance objectives for a particular PSU grant, the Plan may pay out at less than target, or may not pay out any amounts at all. If targets are exceeded, the performance factor may increase the payout by up to two times.

Accordingly, the amount payable to participants, including NEOs, at the end of the three-year performance period is determined by:

$$\text{PSU Payout} = \text{Original Grant + Notional Dividends} \times \text{Performance Factor} \times \text{Closing Share price}$$

Similar to the methodology on grant, the payout is based on the average 50-day closing price for Emera common shares at the end of the three-year performance period to smooth out short-term price fluctuations.

In 2019, recipients of the 2016 PSU grant were paid out, the 2017 PSU grant ended its performance period (payout occurred in February 2020) and the 2019 PSU grant occurred. Elements of all three of those grants are discussed below.

When the Company was setting the performance metrics for the 2016 PSU grant, it considered the significant impact the acquisition of TECO Energy, Inc. could have on earnings. Since the timing of the closing could heavily influence EPS in 2016, the Company removed EPS as a performance metric for the 2016 grant and used only one performance metric – relative TSR. The Company returned to using multiple metrics in 2017 onward.

The performance factor for the 2016 PSU grant, which paid out in 2019, was based on Emera's average three-year TSR relative to the average three-year TSR of the S&P/TSX Capped Utilities Index as illustrated in the table below.

Relative annual return to S&P/TSX Capped Utilities Index	Performance Factor
Less than -2.5%	0
-2.5%	0.5
2.5%	1.0
10% or more	1.5

The 2017 PSU grant, which had a performance period of January 1, 2017 to December 31, 2019 and was subject to two equally weighted performance metrics:

- EPS growth, which is a fundamental measure of the increase in profitability of the Company;
- Growth in cash from operations, which measures the Company's success in focusing on cash generation and is a key driver of long-term value for shareholders.

In addition to the above metrics, the 2017 PSU grant was subject to a TSR modifier, which could increase or decrease the performance factor resulting from the two performance metrics by 25 per cent based on Emera's TSR compared to the TSR of the S&P/TSX Capped Utilities Index over the three-year performance period. If Emera's TSR was positioned in the top quartile of performance of companies in the S&P/TSX Capped Utilities Index, the performance factor would be increased by 25 per cent; if Emera's TSR was positioned in the bottom quartile, the performance factor would be reduced by 25 per cent. There is no adjustment if Emera's TSR is in the second or third quartile of performance. This allowed the Company to focus on its specific business objectives, but still manage shareholder expectations by adjusting the results for relative performance.

The performance factor could range from 0 per cent to 200 per cent. The maximum performance factor is 200 per cent, even with the impact of the TSR modifier. If the performance metric results multiplied by the TSR modifier exceed 200 per cent, the performance factor would be capped at 200 per cent. In addition, if Emera's TSR is negative on an absolute basis, then the payout multiplier cannot be above 1.0 (100 per cent), regardless of whether the Company is in the top quartile of performance. This scenario could arise in situations where general market performance of the companies in the S&P/TSX Capped Utilities Index is negative and Emera's TSR is higher while still being negative. This provision helps ensure payouts are reasonable when shareholders experience low returns on their investment.

In addition, dividends had to be maintained at or higher than the December 31, 2016 levels; if dividends were reduced, the second performance factor would be deemed to be zero regardless of EPS growth.

For both the 2016 and 2017 PSU grants, results were interpolated and all annual average returns or percentages over the three-year performance period were determined on a compounded basis.

2016 PSU Grant Results

The following table shows the performance factor results for the three-year period from January 1, 2016 to December 31, 2018:

	Relative Total Shareholder Return (TSR)	
	Emera TSR	S&P/TSX Capped Utilities Index TSR
Year - 2016	9.6%	17.6%
Year - 2017	8.3%	10.6%
Year - 2018	-1.8%	-7.7%
Annual Compounded Return	5.24%	6.28%
Emera's Relative TSR	-1.04%	
Resulting Performance Factor	0.65 (Weighted at 100%)	

The overall performance factor applied to the 2016 PSU grant was 0.65, based on Emera's TSR underperforming the TSR of the S&P/TSX Capped Utilities Index by one per cent on an annual basis over the three-year performance period.

2017 PSU Grant Results

The threshold, target and stretch levels and results are shown in the table below:

2017 PSU Grant Metric	Weighting	Threshold	Target	Stretch
EPS: three-year compound annual growth rate	50%	4%	8%	12%
Operating cash flow after working capital: three-year compound annual growth rate	50%	4%	10%	16%

The results were as follows:

2017 PSU Grant Metric	2016	2019	Three-year compound annual	Weighted Performance Result
EPS	\$2.22	\$2.54	4.6%	29%
Operating cash flow after working capital	\$1,053M	\$1,502M	12.6%	71%
Performance Factor = 100%				

The EPS and cash from operations figures that are shown in the table above are adjusted from the Emera's reported figures. Similar to the approach used for determining the corporate scorecard results, the Company adjusts the reported figures for specific items the Company believes are significant, but not reflective of underlying operations in the period. The operating cash flow reconciliation is shown in 2019 *Emera Corporate Scorecard*. The table below shows the reconciliation between the 2016 and 2019 reported adjusted EPS figures and the EPS figures used for incentive plan purposes.

2016 EPS Reconciliation (\$)	2016
Adjusted EPS (basic)	2.77
Deduct: Gain on sale of Algonquin Power & Utilities Corp.	(1.10)
Deduct: Gain on Barbados Self Insurance Fund	(0.25)
Deduct: Earnings from New England Gas Generation Assets	(0.17)
Add: Adjustment for transaction costs related to the acquisition of TECO Energy, Inc., net of tax	0.97
EPS for compensation purposes	2.22
2019 EPS Reconciliation (\$)	2019
Adjusted EPS (basic)	2.59
Deduct: Earnings from New England Gas Generation Assets	(0.09)

Add: Loss on sale of Bayside and Emera Utility Services	0.01
Add: Adjustment for transaction costs related to the sale of Emera Maine, net of tax	0.03
EPS for compensation purposes	2.54

The MRCC applied the principles laid out in *2019 Emera Corporate Scorecard* in determining the adjustments to the reported figures. The New England Gas Generation (“NEGG”) assets were sold in the first quarter of 2019 and therefore NEGG only contributed one quarter of earnings in 2019. Given the sale of NEGG was not contemplated when the 2017 PSU grant performance metrics were set, the Board determined it was reasonable to remove the impact of NEGG earnings from both Emera’s 2016 earnings, which was the starting point for measuring the 2017 PSU grant’s EPS growth metric, and Emera’s 2019 earnings, which was the ending measurement point.

The resulting overall performance factor applied to the 2017 PSU grant was 100 per cent (or 1.0), based on Emera’s EPS growth rate falling between threshold and target and the growth in operating cash flow exceeding target. Since Emera’s TSR was between median and the 75th percentile of performance of the companies in the S&P/TSX Capped Utilities Index for 2017 to 2019, the relative TSR modifier was not triggered.

2019 PSU Grant Performance Metrics

The Company’s long-term focus continues to be on cash generation, particularly in light of the impact the acquisition had on the Company’s balance sheet and the importance of de-leveraging. Accordingly, the Company used the following two equally weighted metrics for the 2019 PSU grant:

1. EPS growth, which continues to be a fundamental measure of the increase in profitability of the Company;
2. Growth in cash from operations before working capital, which measures the Company’s success in focusing on cash generation and is a key driver of long-term value for Shareholders.

These two metrics are the same metrics that were used in the 2017 and 2018 PSU grants, with the exception of measuring cash from operation on a before working capital basis; the 2017 and 2018 PSU grants measured cash flow after working capital. The change was made because cash flow before working capital is the predominant cash related measure for bond holders and rating agencies and is a more closely forecasted and managed metric for management. The change also reduces some of the overlapping performance conditions between the Short-term Incentive Plan, which measures cash flow after working capital, and the PSU Plan.

The combination of the two metrics will effectively measure Emera’s long-term value creation by balancing both profitability and growth. In addition to the above metrics, the Company continues to use the relative TSR modifier for the 2019 PSU grant, which is described in *Performance Share Unit Plan Results*.

The performance period for PSUs granted in 2019 is from January 1, 2019 to December 31, 2021 and the table below shows the performance factor levels:

Metric	Threshold (50%)	Target (100%)	Stretch (200%)
Average annual growth in EPS, removing mark-to-market gains/losses	2%	6%	10%
Average annual growth in cash from operations (after working capital)	2%	6%	10%
Modifier	<25th percentile (bottom quartile)	75th–25th percentile	>75th percentile (top quartile)
Emera’s TSR vs. S&P/TSX Capped Utilities Index TSR; multiply metric results by stated multiplier	0.75	1.0	1.25

The threshold, target, and stretch levels of performance were set based on the Company’s five-year business plan projections and revised dividend growth rate. In setting the performance levels, the Company conducted a stress-testing analysis to review the reasonableness of various potential payout outcomes in light of forecasted results.

The performance targets for the PSU awards are used for compensation purposes only and are not suitable for any other purpose. There is no assurance that any performance level will be met. The targets may also constitute forward-looking information. Forward-looking statements are based upon a number of assumptions and are subject to a number of known and unknown risks and uncertainties, any of which are beyond Emera’s control, which could cause actual results to differ materially from the performance targets. Please see the cautionary statement in Emera’s 2019 Annual Report respecting risks and assumptions relevant to Emera’s determination of performance targets for compensation purposes.

Senior Management Stock Option Plan

The Emera Board of Directors has delegated the administration of the Stock Option Plan to the MRCC. The MRCC is responsible for approving, based on management's recommendation, which employees of the Company and its affiliates will be eligible to participate in the Stock Option Plan.

Stock options are designed to deliver a percentage of the long-term incentive opportunity for senior management, including the NEOs, and are an important component of competitive executive compensation. Grants are calculated each year based on each executive's long-term incentive target percentage and base salary and, generally, the grant amount increases with the level of responsibility. The Company considers stock options to be in alignment with long-term shareholder interests and the MRCC continues to review the use of options annually. All NEOs participate in the Stock Option Plan and have received stock options in 2019 as part of their long-term incentive.

The Company has historically valued stock options based on the Black-Scholes valuation methodology. However, the MRCC adopted a floor value ratio of 10 per cent in 2015, following a review of market practices on valuation methodologies. If the Black-Scholes methodology leads to a value ratio that is less than 10 per cent, the floor of 10 per cent will apply. All other factors being equal, the use of a higher value ratio leads to fewer options.

For the 2019 stock option grant, the Black-Scholes valuation resulted in a value ratio ranging from 3.1 per cent to 5.2 per cent. The range was dependent on the number of months over which the volatility calculation was measured, from 12 to 120 months. Because the valuation was below 10 per cent, the MRCC applied the floor value ratio, which led to fewer options being granted than if the floor had not been applied. Accordingly, the value of each option granted in 2019 was \$4.64, which was 10 per cent of the closing Emera common share price of \$46.39 on February 20, 2019, the day immediately preceding the grant date. The share price of \$46.39 is also the exercise price for the 2019 grant.

The MRCC considers the application of a 10 per cent floor to be a prudent step to maintaining stock options as a part of the Long-Term Incentive Plan, while reflecting prevailing market conditions.

Stock options vest in 25 per cent increments on the first, second, third and fourth anniversaries of the grant date. Unless a stock option has expired, vested options may be exercised within the 27 months following the option holder's date of retirement, within six months following the date of termination without cause or the option holder's death, and within 60 days following the date of termination for cause or resignation. If stock options are not exercised within such time, they expire. However, certain senior executives are entitled to an enhanced retirement vesting provision, which allows unvested stock options to continue to vest and be exercised for two years post-retirement. Please see *Termination and Change of Control Benefits* for the NEOs' entitlements on retirement.

The Emera Board of Directors may amend or discontinue the Stock Option Plan by resolution at any time; however, Emera shareholder approval is required for any amendment that:

- increases the number of common shares reserved for issuance, except an increase made in proportion to an increase in the number of common shares outstanding due to a stock dividend, stock split, amalgamation, reorganization, merger or similar event;
- extends eligibility to participate to non-employee directors;
- permits rights under the Stock Option Plan to be transferred other than for normal estate settlement purposes;
- permits awards to be granted under the Stock Option Plan in addition to options;
- increases either of the 10 per cent insider participation limits;
- reduces the option price of an option except for the purpose of maintaining option value in connection with a change of control or pursuant to the provisions in the Stock Option Plan, which permit equitable adjustments to be made to the option price in connection with a stock dividend, stock split, share reclassification, amalgamation, reorganization, merger or similar event;
- extends the term of a stock option beyond the original expiry date;
- permits the expiry of a stock option to be beyond 10 years from its date of grant; or,
- deletes or reduces the range of amendments which require shareholder approval under this paragraph.

The stock options issued under the Stock Option Plan are non-assignable, though the Plan permits transfers from the estate of a deceased option holder to the ultimate beneficiaries. The option can then be exercised by such beneficiaries.

The Company does not provide financial assistance to participants to facilitate the purchase of shares through the Stock Option Plan.

Changes to the Long-term Incentive Plans

As noted in *Long-term Incentive Program*, PSUs made up 75 per cent of the target long-term incentive value for senior management and stock options made up the remaining 25 per cent in 2019. For eligible long-term incentive plan participants below the senior management level, PSUs made up 100 per cent of the target long-term incentive value. In 2019, the Company, with the assistance of Hugessen, conducted a review of the components of its long-term incentive plan to determine how Emera compared to market.

The review determined that Emera had a higher weighting of PSUs than most of its peers. PSUs have greater downside risk than restricted share units ("RSUs") and can increase payout volatility. Moreover, acquisitions and divestitures can have significant impacts on the

calculation of the performance results used to determine payouts under the PSU Plan. Several of our peers use RSUs, which help address the potential volatility.

In light of these considerations, the Board approved the introduction of an RSU Plan, which will take effect in 2020. For Emera senior management, RSUs will make up 25 per cent of their target long-term incentive value in 2020, with PSUs weighted at 50 per cent and stock options weighted at 25 per cent. For eligible long-term incentive participants below the Emera senior management level, RSUs will make up 50 per cent of the target long-term incentive value and PSUs will make up the other 50 per cent.

The Company believes the introduction of an RSU Plan will:

- lead to closer alignment with market practice;
- help achieve more balance between risk and leverage in the Long-term Incentive Program;
- act as more of a retention feature than the PSU Plan and the Stock Option Plan.

The MRCC is confident that these changes are consistent with the Company's pay-for-performance strategy, given a significant portion of executive compensation will remain at risk and linked to the achievement of objectives that measure whether Shareholders are experiencing strong return for their investment.

More details on the RSU Plan will be provided in the 2021 Management Information Circular.

COMPENSATION OF NSPI NEOs AND DIRECTORS

Recovery of NEO Compensation in Electricity Rates

The Nova Scotia *Public Utilities Act* and the *Nova Scotia Power Incorporated Regulations* (collectively referred to as the *NSPI Regulations*) limit the type and amount of compensation paid to the NEOs that is recoverable in NSPI's electricity rates. Specifically, the *NSPI Regulations*: (1) prohibit any incentive or bonus pay from being included in rates; (2) limit the recoverable portion of a NEO's base salary to a level consistent with the Nova Scotia Government Senior Official Pay Plan; and (3) limit the recoverable portion of any other compensation or benefits to 13 per cent of that base salary. No portion of the compensation or benefits provided to Emera executives is included in NSPI rates.

The following table shows the salary, short-term incentive payouts, PSU payouts and the value of perquisites and other compensation awarded to NEOs in 2019, as well as the portion of those elements of compensation that is recovered in NSPI's electricity rates, in accordance with the *NSPI Regulations*. These compensation figures are also shown in the *Table of compensation excluding compensation securities* and the *Exercise of Compensation Securities by Directors and NEOs* table that follow.

Name and position	Salary (\$)	Recovered in rates (\$)	Annual incentive payout (\$) ⁽¹⁾	Recovered in rates (\$)	Performance share unit payout (\$)	Recovered in rates (\$)	Value of perquisites & all other compensation (\$)	Recovered in rates (\$)	Total amount recoverable in rates (\$)
Karen Hutt Former President & Chief Executive Officer	401,615	178,454	161,663	0	88,427	0	59,652	23,199	201,653
Wayne O'Connor President & Chief Executive Officer	382,077	35,691	202,766	0	129,573	0	177,222	4,640	40,331
Greg Blunden Chief Financial Officer, Emera Inc.	547,692	0	0	0	189,156	0	132,558	0	0
Bruce Marchand Chief Legal & Compliance Officer, Emera Inc.	497,692	0	342,600	0	201,843	0	273,231	0	0

⁽¹⁾ The annual incentive payout does not include any amount allocated to deferred share units. No portion of the incentive entitlements that were allocated to DSUs is recoverable in rates. Please see *Deferred Share Unit Plan* for more information on the annual incentive allocations.

As shown in the table, a portion of Mr. O'Connor's and Ms. Hutt's base salaries were recovered in NSPI electricity rates in 2019, along with a portion of their other benefits and compensation. No portion of the short-term or long-term incentives paid or granted to Mr. O'Connor or Ms. Hutt was included in rates and no portion of any compensation or benefits provided to Mr. O'Connor or Ms. Hutt while working at Emera Inc. was included in rates. No portion of any of the compensation or benefits provided to Mr. Blunden or Mr. Marchand was included in rates.

Based on the total compensation figures shown in the *Table of compensation excluding compensation securities* and the PSU payout value shown in the *Exercise of Compensation Securities by Directors and NEOs* tables that follow, the proportion of total compensation that is recoverable in electricity rates for each of the NEOs is as follows:

Name	Total Compensation, including PSU payouts in 2019 (\$)	Total amount recoverable in rates (\$)	Percentage of total compensation, including PSU payouts in 2019, recoverable in rates
Karen Hutt	711,357	201,653	28
Wayne O'Connor	891,638	40,331	5
Greg Blunden	869,406	0	0
Bruce Marchand	1,315,366	0	0

Compensation Payable to NEOs and Directors

The compensation payable to each NEO and Director for 2018 and 2019 is shown below. The table excludes compensation securities, as those are provided in the *Table of compensation excluding compensation securities* that follows. A portion of the 2019 compensation figures for Mr. O'Connor and Ms. Hutt were paid by Emera Inc. and a portion were paid by NSPI, based on when they changed roles. The compensation figures shown in the table for Mr. Blunden and Mr. Marchand were paid by Emera Inc.

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$) ⁽²⁾⁽³⁾	Committee or meeting fees (\$)	Value of perquisites (\$) ⁽⁴⁾	Value of all other compensation (\$) ⁽⁵⁾	Total compensation (\$)
Karen Hutt ⁽¹⁾⁽⁵⁾⁽⁶⁾ Former President and Chief Executive Officer and Former Director	2019	401,615	161,663	-	23,231	36,421	622,931
	2018	369,577	137,348	-	23,054	68,001	597,980
Wayne O'Connor ⁽¹⁾⁽⁵⁾⁽⁶⁾ President and Chief Executive Officer and Director	2019	382,077	202,766	-	19,000	158,222	762,065
	2018	358,942	270,217	-	16,150	71,155	716,464
Greg Blunden Chief Financial Officer, Emera Inc.	2019	547,692	-	-	23,231	109,327	680,250
	2018	500,000	-	-	22,400	274,250	796,650
Bruce Marchand Chief Legal & Compliance Officer, Emera Inc.	2019	497,692	342,600	-	15,231	258,000	1,113,523
	2018	448,096	337,750	-	15,400	117,000	918,246
Scott Balfour ⁽⁵⁾⁽⁶⁾ Board Chair	2019	-	-	-	-	-	-
	2018	-	-	-	-	-	-
Lee Bragg Director	2019	42,500	-	-	-	-	42,500
	2018	42,500	-	-	-	-	42,500
Sandra Greer Director	2019	-	-	-	-	-	-
	2018	-	-	-	-	-	-
James Eisenhauer ⁽⁷⁾ Director	2019	-	-	-	-	-	-
	2018	-	-	-	-	-	-
Richard Janega ⁽⁵⁾⁽⁶⁾ Director	2018	-	-	-	-	-	-
	2019	-	-	-	-	-	-
Raymond Ivany Director	2019	-	-	-	-	-	-
	2018	-	-	-	-	-	-
J. Mark Rodger Director	2019	85,000	-	1,250	-	-	86,250
	2018	76,849	-	-	-	-	76,849

(1) Ms. Hutt was the President and Chief Executive Officer and a Director of Nova Scotia Power Inc., from January 1, 2019 to October 20, 2019 and then moved to the role of Executive Vice President, Strategy and Planning at Emera Inc. effective October 21, 2019. Mr. O'Connor was Executive Vice President, Strategy and Planning at Emera Inc. prior to moving to the role of President and Chief Executive Officer and Director of Nova Scotia Power Inc., effective October 21, 2019.

(2) In 2019, Ms. Hutt and Mr. O'Connor and participated in both the Emera Corporate Scorecard and the NSPI Corporate Scorecard as a result of working at both Emera and NSPI in 2019. Their payouts were prorated between the two Scorecards. Mr. Blunden and Mr. Marchand participated in the Emera Corporate Scorecard.

(3) The bonus figures provided reflect the short-term incentive paid to the executive in cash. The payouts were based on the Emera Scorecard result of 114.2 per cent and the NSPI Scorecard result of 137.9 per cent. The Short-Term Incentive Plan and the 2019 results are described in greater detail in *Short-Term Incentive Program*. The figures shown reflect amounts earned in the 2019 performance year and paid in 2020. For the 2019 performance year, Ms. Hutt elected to receive 50 per cent of her annual incentive payout in DSUs, Mr. O'Connor elected to receive 25 per cent in DSUs and Mr. Blunden elected to receive 100 per cent in DSUs. Please see *Deferred Share Unit Plan* for more information on the annual incentive allocations.

(4) The 'Value of perquisites' figure for 2019 consists of: for Ms. Hutt, a cash perquisite allowance of \$20,000 and other taxable benefits; for Mr. O'Connor a cash perquisite allowance of \$15,769; for Mr. Blunden, a cash perquisite allowance of \$20,000 and other taxable benefits; and for Mr. Marchand, a cash perquisite allowance of \$12,000 and other taxable benefits.

(5) The 'value of all other compensation' figures for NEOs include changes in the accrued obligations of the NEOs' pension entitlements.

- (6) Ms. Hutt, Mr. O'Connor, Mr. Balfour and Mr. Janega did not receive any additional compensation as Directors of NSPI.
- (7) Mr. Eisenhower joined the Board of Directors on May 15, 2019.

The following table shows the compensation securities granted to each NEO and Director in 2019:

Compensation Securities									
Name and position	Type of compensation security	Description	Number of compensation securities, number of underlying securities, and percentage class ⁽¹⁾		Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
Karen Hutt ⁽⁶⁾ Former President & Chief Executive Officer	Performance Share Units ⁽²⁾	2019 Grant	6,301	0.00%	1-Jan-19	42.85	43.71	55.79	15-Feb-29
		Q1 Dividend	192	0.00%	15-Feb-19	46.28	46.45	55.79	N/A
		Q2 Dividend	178	0.00%	15-May-19	50.50	51.10	55.79	N/A
		Q3 Dividend	161	0.00%	15-Aug-19	56.48	56.32	55.79	N/A
		Q4 Dividend	178	0.00%	15-Nov-19	53.90	53.74	55.79	N/A
	Stock Options ⁽³⁾	2019 Grant	19,400	0.86%	21-Feb-19	46.39	46.52	55.79	N/A
	Deferred Share Units ⁽⁴⁾	STIP allocation ⁽³⁾	3,206	0.00%	1-Jan-19	42.85	43.71	55.79	N/A
		Q1 Dividend	97	0.00%	15-Feb-19	46.28	46.45	55.79	N/A
		Q2 Dividend	90	0.00%	15-May-19	50.50	51.10	55.79	N/A
		Q3 Dividend	82	0.00%	15-Aug-19	56.48	56.32	55.79	N/A
Q4 Dividend		90	0.00%	15-Nov-19	53.90	53.74	55.79	N/A	
Wayne O'Connor President & Chief Executive Officer and Director	Performance Share Units ⁽²⁾	2019 Grant	5,989	0.00%	1-Jan-19	42.85	43.71	55.79	N/A
		Q1 Dividend	198	0.00%	15-Feb-19	46.28	46.45	55.79	15-Feb-29
		Q2 Dividend	184	0.00%	15-May-19	50.50	51.10	55.79	N/A
		Q3 Dividend	166	0.00%	15-Aug-19	56.48	56.32	55.79	N/A
		Q4 Dividend	183	0.00%	15-Nov-19	53.90	53.74	55.79	N/A
	Stock Options ⁽³⁾	2019 Grant	18,400	0.82%	21-Feb-19	46.39	46.52	55.79	N/A
	Deferred Share Units ⁽⁴⁾	STIP allocation ⁽³⁾	2,102	0.00%	1-Jan-19	42.85	43.71	55.79	N/A
		Q1 Dividend	766	0.00%	15-Feb-19	46.28	46.45	55.79	N/A
		Q2 Dividend	710	0.00%	15-May-19	50.50	51.10	55.79	N/A
		Q3 Dividend	643	0.00%	15-Aug-19	56.48	56.32	55.79	N/A
Q4 Dividend		709	0.00%	15-Nov-19	53.90	53.74	55.79	N/A	
Greg Blunden Chief Financial Officer, Emera Inc.	Performance Share Units ⁽²⁾	2019 Grant	15,883	0.01%	1-Jan-19	42.85	43.71	55.79	N/A
		Q1 Dividend	515	0.00%	15-Feb-19	46.28	46.45	55.79	N/A
		Q2 Dividend	478	0.00%	15-May-19	50.50	51.10	55.79	N/A
		Q3 Dividend	432	0.00%	15-Aug-19	56.48	56.32	55.79	N/A
		Q4 Dividend	477	0.00%	15-Nov-19	53.90	53.74	55.79	N/A
	Stock Options ⁽³⁾	2019 Grant	48,900	2.17%	21-Feb-19	46.39	46.52	55.79	15-Feb-29
	Deferred Share Units ⁽⁴⁾	STIP allocation ⁽³⁾	13,624	0.01%	1-Jan-19	42.85	43.71	55.79	N/A
		Q1 Dividend	409	0.00%	15-Feb-19	46.28	46.45	55.79	N/A
		Q2 Dividend	379	0.00%	15-May-19	50.50	51.10	55.79	N/A
		Q3 Dividend	343	0.00%	15-Aug-19	56.48	56.32	55.79	N/A

Compensation Securities									
Name and position	Type of compensation security	Description	Number of compensation securities, number of underlying securities, and percentage class ⁽¹⁾		Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
		Q4 Dividend	379	0.00%	15-Nov-19	53.90	53.74	55.79	N/A
Bruce Marchand Chief Legal & Compliance Officer, Emera Inc.	Performance Share Units ⁽²⁾	2019 Grant	12,686	0.01%	1-Jan-19	42.85	43.71	55.79	N/A
		Q1 Dividend	433	0.00%	15-Feb-19	46.28	46.45	55.79	N/A
		Q2 Dividend	402	0.00%	15-May-19	50.50	51.10	55.79	N/A
		Q3 Dividend	364	0.00%	15-Aug-19	56.48	56.32	55.79	N/A
		Q4 Dividend	402	0.00%	15-Nov-19	53.90	53.74	55.79	N/A
	Stock Options ⁽³⁾	2019 Grant	39,100	1.73%	21-Feb-19	46.39	46.52	55.79	15-Feb-29
	Deferred Share Units ⁽⁴⁾	STIP allocation ⁽³⁾	2,628	0.00%	1-Jan-19	42.85	43.71	55.79	N/A
		Q1 Dividend	366	0.00%	15-Feb-19	46.28	46.45	55.79	N/A
		Q2 Dividend	339	0.00%	15-May-19	50.50	51.10	55.79	N/A
		Q3 Dividend	307	0.00%	15-Aug-19	56.48	56.32	55.79	N/A
Q4 Dividend		339	0.00%	15-Nov-19	53.90	53.74	55.79	N/A	
Scott Balfour ⁽⁶⁾ Board Chair	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Lee Bragg Director	Deferred Share Units ⁽⁵⁾	Q1 Fees	239	N/A	31-Mar-19	43.71	49.97	55.79	N/A
		Q2 Fees	242	N/A	30-Jun-19	43.71	53.51	55.79	N/A
		Q3 Fees	245	N/A	30-Sep-19	43.71	58.16	55.79	N/A
		Q4 Fees	245	N/A	31-Dec-19	43.71	55.79	55.79	N/A
		Q1 Dividend	179	N/A	15-Feb-19	46.45	46.45	55.79	N/A
		Q2 Dividend	167	N/A	15-May-19	51.10	51.10	55.79	N/A
		Q3 Dividend	156	N/A	15-Aug-19	56.32	56.32	55.79	N/A
Sandra Greer Director	Deferred Share Units ⁽⁵⁾	Q4 Dividend	175	N/A	15-Nov-19	53.74	53.74	55.79	N/A
		Q1 Fees	508	N/A	31-Mar-19	43.71	49.97	55.79	N/A
		Q2 Fees	484	N/A	30-Jun-19	43.71	53.51	55.79	N/A
		Q3 Fees	490	N/A	30-Sep-19	43.71	58.16	55.79	N/A
		Q4 Fees	490	N/A	31-Dec-19	43.71	55.79	55.79	N/A
		Q1 Dividend	123	N/A	15-Feb-19	46.45	46.45	55.79	N/A
		Q2 Dividend	119	N/A	15-May-19	51.10	51.10	55.79	N/A
		Q3 Dividend	114	N/A	15-Aug-19	56.32	56.32	55.79	N/A
Raymond Ivany Director	Deferred Share Units ⁽⁵⁾	Q4 Dividend	132	N/A	15-Nov-19	53.74	53.74	55.79	N/A
		Q1 Fees	479	N/A	31-Mar-19	43.71	49.97	55.79	N/A
		Q2 Fees	484	N/A	30-Jun-19	43.71	53.51	55.79	N/A
		Q3 Fees	490	N/A	30-Sep-19	43.71	58.16	55.79	N/A
		Q4 Fees	490	N/A	31-Dec-19	43.71	55.79	55.79	N/A
		Q1 Dividend	268	N/A	15-Feb-19	46.45	46.45	55.79	N/A
		Q2 Dividend	252	N/A	15-May-19	51.10	51.10	55.79	N/A
		Q3 Dividend	237	N/A	15-Aug-19	56.32	56.32	55.79	N/A
Richard Janega Director ⁽⁶⁾	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
James Eisenhauer ⁽⁷⁾	Deferred Share Units ⁽⁵⁾	Q4 Dividend	267	N/A	15-Nov-19	53.74	53.74	55.79	N/A
		Q2 Fees	490	N/A	30-Jun-19	43.71	53.51	55.79	N/A
		Q3 Fees	980	N/A	30-Sep-19	43.71	58.16	55.79	N/A
		Q4 Fees	980	N/A	31-Dec-19	43.71	55.79	55.79	N/A
		Q2 Dividend	N/A	N/A	15-May-19	51.10	51.10	55.79	N/A
		Q3 Dividend	5	N/A	15-Aug-19	56.32	56.32	55.79	N/A
		Q4 Dividend	16	N/A	31-Dec-19	53.74	53.74	55.79	N/A

⁽¹⁾ Each PSU, stock option and DSU represent one underlying Emera common share. PSUs and DSUs granted to executives are typically settled in cash under the terms of the PSU Plan and the DSU Plan applicable to executives. DSUs granted to Directors can only be settled in cash under the terms of the Directors' DSU Plan. For PSUs and DSUs awarded

to executives, the percentage of class is calculated by dividing the applicable units by the weighted average outstanding Emera common shares as at December 31, 2019 (239,900,000). For stock options, the percentage of class is calculated by dividing the applicable options by the number of outstanding options as at December 31, 2019 (2,255,125).

- (2) The grant value of PSUs granted in 2019 was based on the average 50 trading-day closing share price up to December 31, 2018 (\$42.85). The 50-day share price average is used for PSU grants to smooth out any short-term fluctuations in share price preceding the grant date. The value of PSUs on payout is subject to the achievement of specific performance objectives over the three-year performance period from January 1, 2019, to December 31, 2021. If those objectives are not met, payouts may be less than the initial value of the grant noted above (or there may not be any payout at all) and if performance objectives are exceeded, the payout may be higher than the amount noted above. The closing price at year-end is based on the closing price of Emera common shares as at December 31, 2019; however, the share price used to calculate the PSU payout will be based on the average 50 trading-day closing share price at the end of the performance period. The issue price for dividends is based on the average 5 trading-day closing share price immediately preceding the dividend payment date. For more information on PSUs, please see *Performance Share Unit Plan*.
- (3) The value of the stock options granted to the NEOs in 2019 was determined to be equal to 10 per cent of the February 20, 2019 closing share price of \$46.39 or \$4.64 per option. The Company has adopted a floor value ratio of 10 per cent; if the Black-Scholes methodology leads to a value ratio that is less than 10 per cent, the floor of 10 per cent will apply. The Black-Scholes valuation for 2019 resulted in a value ratio of 3.1 per cent to 5.2 per cent, using an estimated dividend yield of 5.4 per cent, and a risk-free interest rate of 1.98 per cent. The range was dependent on the number of months over which the volatility calculation was measured, from 12 to 120 months, which led to volatility measurements from 12.8 per cent to 16.2 per cent. Because the Black-Scholes valuation was below 10 per cent, the floor of 10 per cent was used to value stock options in 2019, which led to fewer options being granted than if the floor had not been applied. For more information on stock options, please see *Senior Management Stock Option Plan*.
- (4) The grant value of DSUs granted in 2019 was based on the average 50 trading-day closing share price up to December 31, 2018 (\$42.85). The 50-day share price average is used for DSU grants to smooth out any short-term fluctuations in share price preceding the grant date. The closing price at year-end is based on the closing price of Emera common shares as at December 31, 2019; however, the share price used to calculate the DSU payout will be based on the average 50 trading-day closing share price immediately preceding the payout date, which cannot occur until the executive leaves the employment of Emera or its affiliates. The issue price for dividends is based on the average 5 trading-day closing share price immediately preceding the dividend payment date. For more information on DSUs, please see *Deferred Share Unit Plan*.
- (5) The grant value of DSUs granted to Directors in 2019 was based on the closing price on Emera common shares on December 31, 2018 (\$43.71). Directors cannot settle DSUs until they leave the Board.
- (6) Ms. Hutt and Mr. O'Connor did not receive any additional compensation for her services as a Director of NSPI. Mr. Balfour, Emera's President and CEO and Mr. Janega, Chief Operating Officer, Electric Utilities, Canada, US Northeast, and Caribbean, are compensated by Emera and do not receive any additional compensation as Directors of NSPI.
- (7) Mr. Eisenhauer joined the Board of Directors on May 15, 2019.

The following table shows the compensation securities exercised by Directors and NEOs in 2019:

Exercise of Compensation Securities by Directors and NEOs							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Wayne O'Connor President and Chief Executive Officer and Director	Performance Share Units ⁽¹⁾	3,024	42.85	1-Jan-19	43.71	-0.86	129,573
	Stock Options ⁽²⁾	3,300	34.80	23-May-19	51.78	-16.98	56,034
		9,675	42.71	23-May-19	51.78	-9.07	87,752
		6,500	45.16	23-May-19	51.78	-6.62	43,030
		5,075	39.93	23-May-19	51.78	-11.85	60,139
Karen Hutt Former President and Chief Executive Officer	Performance Share Units ⁽¹⁾	2,064	42.85	1-Jan-19	43.71	-0.86	88,427
	Stock Options ⁽²⁾	5,100	42.71	14-Aug-19	56.15	-13.44	68,544
		4,625	39.93	14-Aug-19	56.15	-16.22	75,018
Greg Blunden Chief Financial Officer, Emera Inc.	Performance Share Units ⁽¹⁾	4,414	42.85	1-Jan-19	43.71	-0.86	189,156
	Stock Options ⁽²⁾	1,475	32.06	8-Apr-19	50.47	-18.41	27,155
		3,950	33.35	8-Apr-19	50.47	-17.12	67,624
		9,400	34.80	8-Apr-19	50.47	-15.67	147,298
		11,300	32.35	8-Apr-19	50.47	-18.12	204,756
		8,700	42.71	8-Apr-19	50.47	-7.76	67,512
		13,725	46.19	8-Apr-19	50.47	-4.28	58,743
		18,650	45.16	8-Apr-19	50.47	-5.31	99,032
		11,750	39.93	8-Apr-19	50.47	-10.54	123,845
Bruce Marchand Chief Legal & Compliance Officer, Emera Inc.	Performance Share Units ⁽¹⁾	4,710	42.85	1-Jan-19	43.71	-0.86	201,843
	Stock Options ⁽²⁾	12,000	32.35	22-May-19	51.70	-19.35	232,200
		10,225	39.93	20-Jun-19	54.31	-14.38	147,036
		10,000	42.71	14-Aug-19	56.15	-13.44	134,400

- (1) The value of PSUs exercised in 2019 is based on the 2016 PSU grant, which had a three-year performance period from January 1, 2016 to December 31, 2018. The 2016 PSU grant was deemed to be paid out on January 1, 2019. The payout is calculated based on the original grant with accumulated dividends, multiplied by the performance factor, multiplied by the average closing share price for the last 50 trading days of 2018 (\$42.85). The 50-day share price average is used to smooth out any short-term fluctuations in

share price preceding the payout date. The performance factor for the 2016 PSU grant was based on Emera's total shareholder return relative to the S&P/TSX Capped Utilities Index. The overall performance factor result was 0.65. Please see *Performance Share Unit Plan* for more details.

No portion of the total value realized by the NEOs through the payout of securities was included in rates.

Pension Plan Benefits

The Company has adopted a Pension Governance Framework that sets out the structure and processes for overseeing the management and administration of all pension plans sponsored or administered by Emera and its affiliates to ensure that the liabilities associated with such pension plans are being appropriately managed.

The NEOs are members of the Canadian corporate pension plan (Pension Plan) and participate on either a defined benefit basis or a defined contribution basis.

Defined Benefit

The following table shows years of credited service, estimated pension amounts, and changes to accrued obligations from January 1, 2019 to December 31, 2019 for the NEOs who participated in the Pension Plan on a defined benefit basis.

Name	Number of years credited service (#)	Annual Benefits Payable			Accrued obligation at the start of the year (\$)	Compensatory Change (\$) ⁽²⁾	Non-Compensatory Change (\$) ⁽²⁾	Accrued obligation at year end (\$) ⁽³⁾
		At year end (\$) ⁽¹⁾	At age 65 (\$)					
Wayne O'Connor ⁽⁴⁾	10.0	82,000	82,000	1,412,000	112,000	31,000	1,555,000	
Greg Blunden ⁽⁴⁾	1.3	14,000	14,000	471,000	35,000	12,000	518,000	
Bruce Marchand	8.0	80,000	105,000	1,238,000	258,000	140,000	1,636,000	

(1) Mr. Blunden and Mr. Marchand were eligible for an immediate pension at year-end, while Mr. O'Connor was not eligible for an immediate pension at year-end. The amount shown is the accrued pension starting at the NEO's unreduced retirement date if the NEO terminated employment at December 31, 2019.

(2) The compensatory and non-compensatory changes are described in more detail below.

(3) The accrued pension obligation is calculated following the method prescribed under US GAAP (section 715 of the standards of the Financial Accounting Standards Board) and by the Canadian Institute of Chartered Accountants and is based on management's best estimate of future events that affect the cost of pensions, including assumptions about future salary adjustments and short-term incentive awards.

(4) Mr. Blunden and Mr. O'Connor accrue future benefits under the defined contribution component of the Pension Plan and have frozen service under the defined benefit component of the Pension Plan.

The accrued obligation of a pension entitlement is the present value of the expected future annual benefits payable taking into account service accrued to date and the expected salaries used to determine the annual benefit payable at retirement. Each year the value of the accrued obligation changes as a result of compensatory changes and non-compensatory changes, which are shown in the table above. Compensatory changes are caused by changes in the annual benefit payable and result primarily from three factors: (i) new accrued service (the employer current service cost); (ii) the impact of salary increases greater than expected on past benefits (estimated increases are already built into the accrued benefit obligation), and (iii) plan changes impacting, for example, accrued service or when benefits are payable. There were no Pension Plan changes that materially affected the above figures in 2019.

Non-compensatory changes are caused by interest on the accrued obligation and current service cost, employee required contributions and changes in the assumptions used to calculate the present value of the future annual benefit payment stream. These assumptions include the mortality table, salary scale, retirement assumption and the inflation assumption used for calculating indexing and the discount rate. The non-compensatory changes in 2019 were driven largely by several changes in actuarial assumptions as well as interest on the accrued obligation and current service cost. The assumption changes from December 31, 2018 to December 31, 2019 include a change in the discount rate from 3.83 per cent to 3.13 per cent, expected retirement timing from fixed age 58 to an age-based probability scale, and inflation from 2.00 per cent to 1.75 per cent (which also affects future salary growth expectations). The net effect of the discount rate and inflation change is to increase obligations, but that impact is offset by the retirement assumption change (more than fully in some cases, resulting in decreased obligation).

The defined benefit component of the Pension Plan entitles members to pension benefits based on two per cent of the average of the member's five highest years of pensionable earnings, multiplied by each year of credited service to a maximum of 35 years credited service. For the NEOs, pensionable earnings include base salary plus up to 50 per cent of their target short-term incentive. Upon reaching age 65, pension benefits under the Pension Plan are reduced by an amount approximately equal to the amount payable under the Canada Pension Plan. For members who retire from active service, the pension is payable on an unreduced basis upon the earlier of age 60 or age 55, provided that age and years of service add to at least 85. For members who joined the Pension Plan on or after July 1, 2004, the age 60 unreduced retirement age condition is replaced by age 62 with 15 years of service. A member may also retire on a reduced formula if the member has attained age 55, but does not qualify for an unreduced pension. Spousal benefits are paid on the death of a member at the rate of 60 per cent of regular pension benefits. Pensions are indexed to the consumer price index.

For 2019, members of the defined benefit component of the plan contributed 7.4 per cent of eligible earnings up to the year's maximum pensionable earnings ("YMPE") under the Canada Pension Plan, and 9.5 per cent of earnings between the YMPE and the amount on which pension benefits may be earned under a registered pension plan as permitted by the *Income Tax Act* (Canada).

Due to Canada Revenue Agency's limitations on the maximum pension benefit that may be paid under the Pension Plan, a portion of the pension the NEOs earned after January 1, 1992 is provided under the terms of a Supplementary Retirement Plan, which is unfunded but secured by a letter of credit deposited in a retirement compensation trust. The Supplementary Retirement Plan is non-contributory. The Supplementary Retirement Plan generally mirrors the terms of the Pension Plan, with the exception that benefits earned on service in the SERP after December 31, 2017 are not indexed on retirement. The Company does not grant additional years of credited service to NEOs under the Pension Plan or Supplementary Retirement Plan.

The defined benefit component of the Pension Plan was closed to new non-union employees hired after January 8, 2013 and to new union employees hired after October 31, 2014. The defined benefit component of the Supplementary Retirement Plan was closed to new entrants as of December 31, 2017. Any employees who become eligible to participate in the Supplementary Retirement Plan after December 31, 2017 will participate in the defined contribution component.

Defined Contribution

The following table shows the changes to accumulated value from January 1, 2019 to December 31, 2019 for the NEOs who participated in the Pension Plan on a defined contribution basis:

Name	Accumulated Value at Start of Year (\$)	Compensatory Change (\$) ⁽¹⁾	Non-Compensatory Change (\$) ⁽²⁾	Accumulated Value at End of Year (\$)
Karen Hutt	548,000	35,000	90,000	673,000
Wayne O'Connor ⁽³⁾	702,000	45,000	112,000	859,000
Greg Blunden ⁽³⁾	696,000	73,000	114,000	883,000

(1) The compensatory change is the value of Company contributions made based on the defined contribution component of the Pension Plan.

(2) The non-compensatory change is the value of employee contributions to the Pension Plan, along with investment earnings.

(3) Mr. Blunden and Mr. O'Connor accrue future benefits under the defined contribution component of the Pension Plan and has frozen service under the defined benefit component of the Pension Plan.

Under the defined contribution component of the Pension Plan, the Company contributes a base amount of three per cent of the participant's eligible earnings into the participant's account each pay period. Plan participants can also make contributions of up to six per cent of their eligible earnings to the defined contribution component, with the Company matching half of these contributions. Accordingly, the maximum Company contribution to each participant's defined contribution account, factoring in the base amount and the matching contribution, is six per cent of the participant's eligible earnings. Canada Revenue Agency limits apply to limit the amount of contributions that can be made under the defined contribution component and, as with the defined benefit component, a portion of the pension an NEO earns in the defined contribution component may be provided under the terms of a Supplementary Retirement Plan.

Ms. Hutt, Mr. O'Connor and Mr. Blunden participated in the defined contribution component of the Pension Plan in 2019. All three NEOs contributed six per cent of their respective base salaries into the Pension Plan up to the amount permitted under the *Income Tax Act*, which equated to \$13,615 each. The Company also contributed \$13,615 to each executive's registered defined contribution account. In addition, the Company maintains an account for any Company contributions which would be made in the absence of the *Income Tax Act* limits, through the Supplementary Retirement Plan. For 2019, the additional Company contribution for Ms. Hutt was \$20,964, for Mr. O'Connor was \$31,579 and Mr. Blunden was \$59,493.

Upon ending active employment with the Company at any age between 55 and 65, plan participants may start receiving retirement income through the purchase of a life annuity or by converting their account to a Life Income Fund.

The defined contribution component of the Pension Plan is administered on behalf of the Company by a major Canadian insurance company, which acts in accordance with the provisions of the defined contribution component of the Pension Plan, the *Income Tax Act*, and the *Nova Scotia Pension Benefits Act*.

Deferred Share Unit Plan

The Deferred Share Unit (DSU) Plan is another component of Emera's long-term incentive program for senior leaders. A DSU is a notional share unit that is based on the value of an Emera common share – the value of a DSU changes directly in correlation to an Emera share and earns dividend equivalents in the form of additional DSUs. When a dividend is paid on Emera's common shares, each participant's DSU account is allocated additional DSUs based on the dividend paid on an equivalent number of Emera common shares. DSUs are not paid out until such time as the participant is no longer employed by the Company or any of its affiliates. When redeemed, the value of a participant's DSUs is equivalent to the fair market value of an equal number of common shares of the Company.

The DSU Plan is intended to facilitate achievement of share ownership guidelines without diluting the shareholder base. Prior to the start of each performance year, each plan participant may elect to defer some or all of the short-term incentive payout associated with that

performance year in the form of DSUs. When the short-term incentive is paid to the NEOs, the portion elected is allocated to DSUs rather than paid in cash. Since DSUs are principally an income deferral mechanism, there are no performance metrics attributable to DSUs.

Following a participant's departure from the Company and on a date selected by the participant not later than December 15 of the next calendar year after departure, the value of the participant's DSUs is calculated by multiplying the number of DSUs in the participant's account by the average closing Emera common share price for the 50 trading days preceding the payout date (the 50-day average is used to smooth out any short-term price fluctuations).

In addition, special DSU awards may be made from time to time by the MRCC to selected executives and senior management to recognize singular achievements or the achievement of certain corporate objectives. No such special DSU awards were granted to the NEOs in 2019.

DSU Plan Allocations

The table below identifies how much of the short-term incentive for 2018 and 2019 that each NEO elected to allocate to DSUs:

Name	2019		2018	
	Percentage of annual incentive allocated to deferred share units (%)	Dollar amount of annual incentive allocated to deferred share units (\$) ⁽¹⁾	Percentage of annual incentive allocated to deferred share units (%)	Dollar amount of annual incentive allocated to deferred share units (\$) ⁽¹⁾
Wayne O'Connor	25	67,565	25	90,071
Karen Hutt	50	161,675	50	137,377
Greg Blunden	100	439,691	100	583,788
Bruce Marchand	0	0	25	112,610

⁽¹⁾ The DSU allocations are rounded to the nearest whole unit, so the value of DSUs may vary slightly from the amount of short-term incentive payout allocated.

Employee Common Share Purchase Plan

Executives are also eligible to participate in the Employee Common Share Purchase Plan, which allows employees of Emera and its affiliates to purchase Emera common shares through regular payroll deductions or lump-sum payments. Participants can contribute up to \$20,000 CAD/\$15,000 USD per year, and the Company will match 20 per cent on employee contributions up to the contribution limit. The purchase price of the common shares under the Plan is the average of the daily high and low board lot trading price on the TSX for the five trading days prior to the purchase date. At Emera's option, shares may be purchased instead on the market at prevailing market prices. All common shares purchased under the Plan are immediately vested. Executives participate on the same terms as all other eligible employees.

Changes to the Employee Common Share Purchase Plan

The Employee Common Share Purchase Plan has been in place since 1995 and approximately 2,000 Emera employees currently participate in the Plan. The Company has not made significant changes to the Plan since 2003. In 2019, the Company conducted a review of the Employee Common Share Purchase Plan to assess its competitiveness against market, which indicated that the Plan's contribution limits and company match were below market. The participation rates of employees, particularly in the US, were also lower than many other companies that offer similar share purchase programs.

Given the intention of the Employee Common Share Purchase Plan is to encourage employees to become shareholders of Emera, which in turn creates an alignment of interests between Shareholders and employees, the Company believes it is important to encourage employees to participate in the Plan. Moreover, since the Plan is treasury based, it has the added benefit of acting as a source of capital for the Company. Accordingly, the Company made the following amendments to the Plan in 2019, none of which required shareholder approval under the terms of the Plan, which will take effect in 2020:

Change	Old Plan Terms	New Plan Terms
Eligible participants	All regular full-time and part-time employees	Those classes of employees designated by the MRCC
TFSAs	No ability to hold shares in a Tax-Free Savings Account ("TFSA")	Canadian participants may hold shares in a TFSA account and transfer shares between their regular account and TFSA account
Maximum employee contribution	\$8,000 CAD per year	\$20,000 CAD/\$15,000 USD per year
Minimum employee contribution	\$25 per month	Payroll deduction of \$25 per month and lump sum contribution of \$75
Company Match	20 per cent on employee contributions up to \$3,000, and 10 per cent on contributions between \$3,000 and \$8,000	20 per cent on employee contributions up to the contribution limit of \$20,000 CAD/ \$15,000 USD
Dividend reinvestment	Dividend reinvestment was provided only to Canadian resident participants; other participants received dividends in cash	Dividend reinvestment applies to all participants except where not permitted by law

Change	Old Plan Terms	New Plan Terms
Price of shares on reinvestment of dividends	Price of shares purchased with dividends was the average of daily high and low board lot trading prices of the Company's shares on the TSX for the five trading days immediately preceding the end of each quarter	The price of shares on reinvestment of dividends is the average of the closing trading prices on the TSX of the Company's shares for five trading days immediately preceding the dividend payment date
Company match on dividends	Company match applied to reinvested dividends	No Company match on dividends
Clarifying provisions		MRCC oversight authority and delegation power clarified; Details added on the sale or withdrawal of shares held under the Plan; Clarified treatment of employee contributions and Plan shares upon termination of employment; Clarified details on tax consequences of participation; Added ability of participants to designate a beneficiary in the event of death under TFSA Account; Added standard clauses addressing (a) participant responsibility for fees on sale of shares; (b) requirement for participant instructions in the case of an issuer bid, take-over bid or other transaction; (c) sale and reinvestment of any warrants, options or other rights received on Plan shares; (d) adjustments in connection with changes in the Company's share capitals; and (e) electronic communications; and other minor changes to improve clarity and consistency in the use of terms.

The Company believes the above changes strike an appropriate balance between making the Employee Common Share Purchase Plan more competitive and increasing employee participation rates with managing the costs of the Plan.

Other Executive Benefits

The Company provides executives with additional benefits in accordance with the compensation program objectives. As part of their compensation and consistent with market practice, executives, including the NEOs, are eligible to receive:

- annual income tax return preparation;
- monthly parking;
- monthly car allowance plus mileage, as applicable; and
- annual wellness/fitness allowance.

In some cases, the above entitlements are bundled into an annual perquisite allowance, which is paid out in cash in equal bi-weekly instalments over the course of the year.

These benefits are considered taxable benefits and are reported in the *Table of compensation excluding compensation securities*.

Termination and Change of Control Benefits

The following table provides the estimated amounts of incremental payments, payables and benefits to which each NEO would be entitled based on differing departure scenarios—resignation, termination for cause, termination without cause, separation from the Company in circumstances of a change of control, and retirement, assuming the triggering event took place on December 31, 2019.

Name	Departure scenario ⁽¹⁾	Cash severance (\$)	Short-term incentive (\$)	Performance share units (\$) ⁽²⁾	Stock options (\$)	Continuation of benefits (present value) (\$) ⁽³⁾	Total (\$)
Karen Hutt	Resignation	-	-	-	-	-	-
	Termination for cause	-	-	-	-	-	-
	Termination without cause	630,000	378,000	639,060	-	2,034	1,649,094
	Change of control	630,000	378,000	639,060	486,066	2,034	2,135,160
	Retirement	-	-	-	-	-	-
Wayne O'Connor	Resignation	-	-	-	-	-	-
	Termination for cause	-	-	-	-	-	-
	Termination without cause	600,000	360,000	647,374	-	4,683	1,612,057
	Change of control	600,000	360,000	647,374	513,524	4,683	2,125,580
	Retirement	-	-	-	-	-	-
Greg Blunden	Resignation	-	-	-	-	-	-
	Termination for cause	-	-	-	-	-	-
	Termination without cause	550,000	385,000	773,237	-	4,683	1,712,920

	Change of control	550,000	385,000	773,237	-	4,683	1,712,920
	Retirement	-	-	-	-	-	-
Bruce Marchand	Resignation	-	-	-	-	-	-
	Termination for cause	-	-	-	-	-	-
	Termination without cause	750,000	450,000	651,092	-	3,841	1,854,933
	Change of control	750,000	450,000	651,092	-	3,841	1,854,933
	Retirement	-	-	-	-	-	-

(1) Please see the tables following for a description of the entitlements of each NEO under the various departure scenarios.

(2) Payouts for PSUs assume a performance factor of 1.0 and are valued using the average closing share price for the last 50 trading days of 2019 (\$54.62).

(3) Continuation of benefits may reflect amounts for health and dental benefits and insurance benefits, pursuant to the terms of the NEOs' employment contracts, as applicable.

The following is a summary of the entitlements on departure afforded to each NEO under his or her employment contract or the applicable plans as of December 31, 2019:

Karen Hutt	
Resignation	All unvested PSUs and stock options are forfeited.
Terminated for cause	All unvested PSUs and stock options are forfeited.
Terminated without cause	Entitled to a lump sum equal to 18 months' compensation based upon annual salary and short-term incentive at target. Health, dental and other such benefits will be continued for up to 12 months. Unvested PSUs are prorated to the date of termination and paid out at the end of the respective performance period, subject to the achievement of the applicable performance criteria. Unvested stock options are forfeited.
Change of control	If there is a change of control of the ownership of the Company and Ms. Hutt's employment is terminated without cause or Ms. Hutt terminates her employment for "good reason", as defined in her employment agreement, within 24 months of the change of control, Ms. Hutt is entitled to receive 18 months' compensation based upon annual salary and short-term incentive at target. Health, dental and other such benefits will be continued for up to 12 months. Unvested PSUs that were granted prior to the change of control are deemed to vest on the termination date and are paid out assuming a performance factor of 1.0. Unvested stock options that were granted prior to the change of control are deemed to vest on the termination date and must be exercised by the earlier of (a) six months from the termination date; and (b) 10 years from the original grant date.
Retirement	Ms. Hutt becomes eligible to retire as of November 30, 2021. Information regarding pension entitlement is contained in Pension Plan Benefits. PSUs continue to be eligible to vest in accordance with the applicable performance criteria and will be paid out on a prorated basis upon vesting. Unvested stock options are forfeited.
Wayne O'Connor	
Resignation	All unvested PSUs and stock options are forfeited.
Terminated for cause	All unvested PSUs and stock options are forfeited.
Terminated without cause	Entitled to a lump sum equal to 18 months' compensation based upon annual salary and short-term incentive at target. Health, dental and other such benefits will be continued for up to 12 months. Unvested PSUs are prorated to the date of termination and paid out at the end of the respective performance period, subject to the achievement of the applicable performance criteria. Unvested stock options are forfeited.
Change of control	If there is a change of control of the ownership of the Company and Mr. O'Connor's employment is terminated without cause or Mr. O'Connor terminates his employment for "good reason", as defined in his employment agreement, within 24 months of the change of control, Mr. O'Connor is entitled to receive 18 months' compensation based upon annual salary and short-term incentive at target. Health, dental and other such benefits will be continued for up to 12 months. Unvested PSUs that were granted prior to the change of control are deemed to vest on the termination date and are paid out assuming a performance factor of 1.0. Unvested stock options that were granted prior to the change of control are deemed to vest on the termination date and must be exercised by the earlier of (a) six months from the termination date; and (b) 10 years from the original grant date.
Retirement	Mr. O'Connor becomes eligible to retire as of November 30, 2026. Information regarding pension entitlement is contained in <i>Pension Plan Benefits</i> . PSUs continue to be eligible to vest in accordance with the applicable performance criteria and will be paid out on a prorated basis upon vesting. Unvested stock options are forfeited.
Greg Blunden	
Resignation	All unvested PSUs and stock options are forfeited.
Terminated for cause	All unvested PSUs and stock options are forfeited.
Terminated without cause	Entitled to a lump sum equal to 12 months' compensation based upon annual salary and short-term incentive at target. Health, dental and other such benefits will be continued for up to 12 months. Unvested PSUs are prorated to the date of termination and paid out assuming a performance factor of 1.0. Unvested stock options are forfeited.
Change of control	If there is a change of control of the ownership of Emera, such that any one party acquires 50 per cent or more of voting securities and there is a substantial reduction in responsibilities or scope of authority, Mr. Blunden may elect, within three months following such substantial reduction in responsibilities or scope of authority, to

	terminate employment and receive 12 months' compensation based upon annual salary and short-term incentive at target. Health, dental and other such benefits will be continued for up to 12 months. Unvested PSUs are prorated to the date of termination and paid out assuming a performance factor of 1.0. Unvested stock options are forfeited.
Retirement	Mr. Blunden becomes eligible to retire with an unreduced pension as of December 31, 2024. Information regarding pension entitlement is contained in Pension Plan Benefits. PSUs continue to be eligible to vest in accordance with the applicable performance criteria and will be paid out on a prorated basis upon vesting. Unvested stock options are forfeited.
Bruce Marchand	
Resignation	All unvested PSUs and stock options are forfeited.
Terminated for cause	All unvested PSUs and stock options are forfeited.
Terminated without cause	Entitled to a lump sum equal to 18 months' compensation based upon annual salary and annual incentive at target. Health, dental and other such benefits will be continued for up to 12 months. Unvested PSUs are prorated to the date of termination and paid out based on an estimated future value. Unvested stock options are forfeited.
Change of control	If there is a change of control of the ownership of Emera, such that any one party acquires 50 per cent or more of voting securities and there is a substantial reduction in responsibilities or scope of authority, Mr. Marchand may elect, within three months following such substantial reduction in responsibilities or scope or authority, to terminate employment and receive 18 months' compensation calculated on the basis of his annual salary, short-term incentive at target. Health, dental and other such benefits will be continued for up to 12 months. Unvested PSUs are prorated to the date of termination and paid out based on an estimated future value. Unvested stock options are forfeited.
Retirement	Mr. Marchand becomes eligible to retire with an unreduced pension as of June 30, 2022. Information regarding pension entitlement is contained in <i>Pension Plan Benefits</i> . PSUs continue to be eligible to vest for two years following retirement in accordance with the applicable performance criteria. Unvested stock options continue to be eligible to vest for two years past retirement. Any stock options that have not vested within two years of retirement are forfeited. All vested stock options must be exercised by the earlier of (a) two years from the date of retirement; and (b) 10 years from the original grant date.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Emera has established equity compensation plans which apply to the Company. See *Statement of Executive Compensation* in Emera's Management Information Circular dated April 21, 2020, and which is available under Emera's profile on SEDAR at www.sedar.com.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

The Company does not have a program that allows for the provision of loans to Directors or Officers, and the Company is not intending to initiate such a program. In addition, there is no program to allow loans or indebtedness under any share purchase program. As of the date of this Circular, there was no indebtedness of the Directors to the Company. As of the date of this Circular, except for routine indebtedness, there is no indebtedness of Executive Officers and other employees to the Company.¹

MATERIAL TRANSACTIONS

During the most recently completed financial year, insiders of the Company and its affiliates, including Directors, executive officers, proposed Director nominees or their associates or corporations they controlled, did not have any material interest, direct or indirect, in any transaction or in any proposed transaction that has materially affected or will materially affect the Company.

MANAGEMENT CONTRACTS

There are no functions of management that are performed by a person or company other than the Directors, executive officers or other employees of the Company.

OTHER MATTERS

Management of the Company knows of no matters to come before the Meeting other than those referred to in the Notice of Meeting accompanying this Circular. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Circular to vote the same in accordance with their best judgment of such matters.

ADDITIONAL INFORMATION

Additional information relating to the Company is available under the Company's profile on SEDAR at www.sedar.com. Shareholders may contact Stephen Aftanas, the Company's Corporate Secretary, to request copies of the Company's financial statements and management's discussion and analysis ("MD&A") for the fiscal year ended December 31, 2019. Financial information is provided in the Company's annual financial statements and MD&A.

APPROVAL OF THIS CIRCULAR

The Board of Directors has approved the contents of this Circular and has authorized it to be sent to the shareholders of the Company.

¹ "Routine indebtedness" includes: (i) loans made on terms no more favourable than loans to employees generally, for which the amount remaining unpaid does not exceed \$50,000; (ii) loans to full-time employees, fully secured against their residence and not exceeding their annual salary; and (iii) loans for purchases on usual trade terms, or for ordinary travel or expense advances, or similar reasons, with repayment arrangements in accordance with usual commercial practice.