

# OAKVILLE HYDRO CORPORATION

## BOARD OF DIRECTORS MANDATE AND CHARTER

### Mandate for the Board of Directors

Adopted: November 18, 2010

Revised: December 8, 2011

#### 1. OBJECTIVE

The Board of Directors (“**Board**”) of **OAKVILLE HYDRO CORPORATION** (the “**Corporation**”) is responsible for overseeing and monitoring all significant aspects of the management of the business and affairs of the Corporation and its affiliates.

The Board has determined that it would be appropriate for the Board to adopt a written mandate describing its responsibilities and duties in relation to its oversight of the business and affairs of the Corporation and Committees of the Board.

The Board is elected by and represents the Town of Oakville and is obligated to act in the best interests of the Corporation.

#### 2. COMPOSITION OF THE BOARD OF DIRECTORS

The Board shall consist of a minimum of three (3) and a maximum of twenty (20) members and shall serve at the pleasure of the Town of Oakville and the Town of Oakville shall elect the Board annually.

The Board Chair shall be appointed from among the Corporation’s directors. The Board shall provide the Chair with a position description.

The qualifications for nomination, election and continuing service on the Board as a Director are set forth in the By-law and Shareholder Direction of the Corporation.

Members of the Board shall be entitled to receive such remuneration for acting as members of the Board as may be determined from time to time by the Board on recommendation of the Advisory and Nominating Committee upon approval of the Town of Oakville.

#### **Board of Governors’ Charter**

The Board’s Charter outlines how the Board of Directors will satisfy the requirements set forth in its mandate. This Charter comprises:

- Operating Principles
- Operating Procedures
- Specific Responsibilities and Duties

#### 3. OPERATING PRINCIPLES

The Board shall fulfill its responsibilities within the context of the following principles:

### **3.1 Board Values**

The Board of Directors will act in accordance with the Board's policies and industry best practices, as applicable.

### **3.2 Communications**

The Chair and members of the Board expect to have direct, open and frank communications throughout the year with the Board Chair, other Committee Chairs and Management, as applicable.

### **3.3 Board Work Plan**

The Board, in consultation with the Board Chair and Management, shall develop an annual Board Work Plan responsive to the Board's responsibilities as set out in this Charter.

### **3.4 Meeting Agenda**

The Board meeting agendas shall be the responsibility of the Board Chair. The Corporate Secretary will develop meeting agendas in consultation with the Board Chair, Board members and assigned Management.

### **3.5 Board Expectations and Information Needs**

The Board shall communicate its expectations to Management with respect to the nature, timing and extent of its information needs. The Board expects that written material supporting agenda items will be received from Management at least seven days in advance of the meeting dates.

### **3.6 In Camera Meetings**

At each meeting of the Board, the members of the Board shall meet at their discretion in private sessions that allow the Board to discuss matters (a) amongst themselves, and (b) with management. Actionable items resulting from these sessions will be recorded in the minutes.

### **3.7 Adequate Resources**

The Board should have adequate resources to discharge its duties as described in this mandate subject to prior budget provision. The Board Chair shall be empowered to engage advisers as may be appropriate from time to time to advise the Chair or the Board with respect to duties and responsibilities.

The Board shall consider from time to time its resources including the adequacy of the information provided to it with respect to oversight of the Management of the Corporation and shall confer with Management with respect to its findings.

Members of the Board shall have the right, for the purpose of discharging their respective powers and responsibilities, to inspect any relevant records of the Corporation and its affiliates.

### **3.8 Committees**

The Board may appoint such Committees from time to time as it considers appropriate to act on behalf of the Board or make recommendations to the Board with respect to matters to be decided by the Board. Where such Committees are Standing Committees, they shall have a Mandate and

Charter, which defines their responsibilities in relation to the Board. Each of these Mandates and Charters shall require the respective Committee to annually evaluate its effectiveness.

The Board shall annually appoint a member of each Committee to act as Chair of the Committee on the advice of the Advisory and Nominating Committee.

### **3.9 Board Self-Assessment**

The Board shall annually review, discuss and assess its own performance and individual member's performance. In addition, the Board shall annually review its role and responsibilities and complete an online Board survey. The Board shall reconsider its Mandate and Charter at least annually and report to the Governance and Risk Committee with any recommendations for change.

## **4. OPERATING PROCEDURES**

The Board shall fulfill its responsibilities within the context of the following procedures:

### **4.1 Frequency and Calling of Board Meetings**

The Board shall meet at least quarterly and more frequently if circumstances dictate. Meetings shall be held at the call of the Board Chair or a majority of the Directors. Notice of a meeting of the Board will be given not less than seven (7) days before the meeting is to take place.

The meetings of the Board shall ordinarily include the Secretary and shall periodically include other senior officers as may be appropriate and as may be desirable to enable the Board to become familiar with the Corporation's management team.

### **4.2 Quorum**

A majority of the Directors will constitute a quorum for the transaction of all matters and business before the Board. Each voting member will be entitled to one vote and the Board Chair will not have a second or casting vote in the case of an equality of votes.

### **4.3 Secretary of Board Meetings**

Unless the Board otherwise specifies, the Corporate Secretary shall act as secretary of all meetings of the Board. In the absence of the Corporate Secretary, the Board Chair shall designate a person to act as the Secretary of the meeting.

The Corporate Secretary shall keep minutes of its meetings in which shall be recorded all actions taken by the Board. Such minutes shall be made available to Board members at their request and all such minutes shall be approved by the Board for entry in the records of the Corporation.

### **4.4 Chair of Board Meetings**

In the absence of the Board Chair at any meeting of the Board, the Chair of the Board may delegate a Board Member to perform the duties of the Chair or the Board members present may elect one among them to perform the duties of the Chair.

#### **4.5 Minutes of Board Meetings**

A copy of the minutes of each meeting of the Board shall be provided to each member of the Board within twenty (20) calendar days from the meeting date.

### **5. SPECIFIC RESPONSIBILITIES AND DUTIES**

#### **5.1 General Responsibilities**

- (a) The Board shall oversee the management and affairs of the Corporation. In doing so, the Board shall establish a productive working relationship with the President and Chief Executive Officer and other members of senior management.
- (b) The officers of the Corporation, headed by the President and Chief Executive Officer, shall be responsible for general day to day management of the Corporation and for making recommendations to the Board with respect to long term strategic, financial, organization and related objectives.
- (c) The roles and responsibilities of the Board are intended to primarily focus on the formulation of long term strategic, financial and organizational goals for the Corporation and on the monitoring of management performance. Without limitation, the Board shall (i) oversee management-driven strategic planning process and approve the Corporation's strategic plan, (ii) assess the principal risks of the Corporation's business and ensure appropriate systems are in place to manage such risks, (iii) select, monitor and evaluate the President and Chief Executive Officer for the Corporation and oversee succession planning at the senior management level, (iv) oversee the communications policies of the Corporation and (v) monitor the effectiveness of the Corporation's internal control and management information systems to safeguard corporate assets.
- (d) The Board shall review and approve the Corporation's financial objectives, short and long-term business plans for the Corporation's businesses and monitor performance in accordance with such plans. The Board shall also approve significant capital allocations and expenditures and:
  - (i) transactions out of the ordinary course of business;
  - (ii) all matters that would be expected to have a major impact on the Town of Oakville;
  - (iii) the appointment of any person to any position that would qualify such person as an Officer of the Corporation;
  - (iv) any amendments to the Corporation's pension plan(s), and
  - (v) any proposed changes in compensation to be paid to members of the Board of Directors on the recommendation of the Advisory and Nominating Committee.
- (e) The Board will oversee the Corporation's compliance with laws and regulations, which includes overseeing the Corporation's compliance with all applicable OEB policies and procedures.

- (f) With respect to significant risks and opportunities affecting the Corporation, the Board may impose such limits on the business activity of the Corporation as may be in the interests of the Corporation and the Town of Oakville.
- (g) The Board shall annually consider the recommendations of the Advisory and Nominating Committee regarding the skills and competencies of the Board from the perspective of determining what additional skills and competencies would be helpful to the Board. The identification of specific candidates for consideration shall be the responsibility of the Advisory and Nominating Committee which shall be guided by the findings of the Board in relation to competencies and skills.
- (h) The Board will adopt prudent financial standards with respect to the affairs of the Corporation and its affiliates and periodically will review the Oakville Hydro Electricity Distribution Inc.'s (OHEDI) performance as to service quality and other factors used by the OEB in setting the rates OHEDI may charge to its customers.
- (i) The Board shall perform such other functions as are prescribed by law, as are assigned to the Board in the Corporation's By-Laws and the Shareholder Direction and as it may from time to time determine in accordance with the plenary powers of the Board.
- (j) The Board shall receive the following reports: (i) periodic reports from its Committees following Committee meetings and, annually, a report from each Committee as to the work undertaken by the Committee and the Committee's recommendations, if any, for change with respect to its responsibilities and effectiveness; (ii) report at each meeting on health, safety and environmental matters as they affect the Corporation and its businesses; and (iii) an annual and interim report with respect to the Corporation's pensions plan.
- (k) The Board shall provide an orientation program for new Directors and continuing education opportunities for all Directors.
- (l) The Board shall approve the Investment Policy of the Corporation and monitor compliance therewith and meet on an appropriate periodic basis with applicable investment advisors.
- (m) The Board will review and approve the annual business plan along with the operating and capital budgets.
- (n) The Board will review and approve the salary grid for management, professional and supervisory positions.
- (o) The Board shall approve the selection of the external auditors and the related remuneration and terms of engagement.
- (p) The Board may, from time to time, meet with the external auditors *in camera* in the absence of Management.

## **5.2 Senior Management**

- (a) The Board will approve a position description for the President and Chief Executive Officer.

- (b) The Board will review with the Human Resources Committee the objectives set for the President and Chief Executive Officer and performance in relation to such objectives.

### **5.3 Communications**

- (a) The Board will annually review and approve the Corporation's annual financial statements.
- (b) The Board will periodically review the means by which the Town of Oakville can communicate with the Corporation including the opportunity to do so at the annual general meeting and communications interfaces through the Corporation's website.

### **5.4 Communication Process**

The Board will ensure an effective process is established and applied for the communication of initiatives between the Board, the Corporation, and external stakeholders.

### **5.5 Other Business**

The Board will consider any other matter referred to the Board by the Town of Oakville.

## **6. ACCOUNTABILITY**

- (a) The Board Chair will report on the deliberations of the Board annually to the Town of Oakville;
- (b) The Board will review this Mandate and Charter each year at its third quarter meeting to assess its adequacy and endeavour to keep its members abreast of "best practices" and recommend changes to the Governance and Risk Committee and propose a recommended Work Plan for the next 12 months; and
- (c) The Board will annually assess the Mandate and Charter of its Committees.