OBJECTIVE

The Board of Directors of OAKVILLE HYDRO ELECTRICITY DISTRIBUTION INC. is responsible for overseeing and monitoring all significant aspects of the management of the business and affairs of the Corporation.

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

The Board is elected by the Shareholder and Directors are at all times obligated to act in the best interests of the Corporation in accordance with the Act.

DEFINITIONS

(1) “Act” means the Business Corporations Act (Ontario);
(2) “Advisory and Nominating Committee” means the Advisory and Nominating Committee of the Board;
(3) “Board” means the Board of Directors of the Corporation;
(4) “By-Law” means the by-laws of the corporation as amended and which are, from time to time, in force and effect;
(5) “Chair” means the Chair of the Board;
(6) “Code of Conduct” means the Code of Conduct for Directors;
(7) “Corporation or OHEDI” means Oakville Hydro Electricity Distribution Inc.;
(8) “Corporate Secretary” means the Corporate Secretary of the Corporation;
(9) “Director” means a member of the Board;
(10) “Fiscal Year” means the twelve-month period ending on the financial year end of the Corporation being the 31st of December, in each year;
(11) “Governance and Risk Committee” means the Governance and Risk Committee of the Board;
(12) “Human Resources Committee” means the Human Resources Committee of the Board;
(13) “Management” means a member of OEC’s senior management;
(14) “OEB” means Ontario Energy Board;
“Officer” means any individual from Management;

“President and Chief Executive Officer” means the President and Chief Executive Officer of the Corporation;

“Shareholder” means Oakville Hydro Corporation;

“Shareholder Direction” means the Town of Oakville’s ‘Amended and Restated Shareholder Direction and Unanimous Shareholder Declaration dated June 8, 2011 as amended and which are, from time to time, in force and effect;

“Town of Oakville’ means the Corporation of the Town of Oakville; and

“Variable Compensation Plan” means the variable compensation plan approved by the Board of the Corporation and which is, from time to time, in force and effect.

2. COMPOSITION OF THE BOARD OF DIRECTORS

The Board shall consist of such number of Directors as the Shareholder may determine from time to time, within the range set out in OHEDI’s articles of incorporation. Directors are elected by the Shareholder for a term of one year. The Shareholder will fill a vacancy that occurs in the Board.

The Chair shall be appointed by the Shareholder from among the Directors. The Board shall provide the Chair with a position description.

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

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 and upon approval of the Shareholder.

Board of Governors’ Charter

The Board’s charter outlines the principles, procedures and responsibilities according to which the Board will satisfy the requirements set forth in its mandate. This charter contains:

- Operating Principles;
- Operating Procedures; and
- Specific Responsibilities and Duties.

3. OPERATING PRINCIPLES

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

3.1 Board Role and Values

Directors will act in accordance with their legal duties to the Corporation as set forth in the Act and will adhere to the Code of Conduct and Board policies and identify and consider industry best practices, as applicable.
3.2 Communications

The Chair and Directors will have direct, open and frank communications throughout the year including at Board meetings with each other and with Management, as applicable.

3.3 Board Work Plan

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

3.4 Meeting Agenda

The Board’s meeting agendas shall be the responsibility of the Chair. The Corporate Secretary will develop meeting agendas in consultation with the Chair, Board members and 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 one week 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 amongst themselves. Actionable items resulting from these sessions will be recorded in the minutes in accordance with Corporation’s guidelines for in camera meetings.

3.7 Adequate Resources

In all instances where the Chair and / or the Board believes that in order to properly discharge their fiduciary obligations to the Corporation it is necessary to obtain the advice of external experts, the Chair shall engage the necessary experts subject to prior notice and approval of the Board. The Board shall be kept apprised of both the selection of the experts and the expert’s findings by the Chair at regular Board meetings.

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

3.8 Board Self-Assessment

The Board will annually review, discuss and assess its own performance and individual member’s performance. In addition, the Board will annually review its role and responsibilities.

4. OPERATING PROCEDURES

The Board shall fulfill its responsibilities within the context of the following procedures and guidelines:
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 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 Corporate Secretary and shall periodically include Management as may be appropriate and as may be desirable.

4.2 Quorum

A majority of the Directors will constitute a quorum for all matters and business before the Board. Each Director will be entitled to one vote and the 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 Chair shall designate a person to act as the secretary of the meeting.

The Corporate Secretary shall keep minutes of Board meetings in which shall be recorded all decisions taken by the Board. 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 Chair at any meeting of the Board, the Chair may delegate a Director to perform the duties of the Chair or the Directors 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 of 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 seek to establish a productive working relationship with the President and Chief Executive Officer and Management.

(b) The roles and responsibilities of the Board are intended to primarily focus on the formulation of 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 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.

(c) 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

(i) capital allocations and expenditures (other than minor items) outside of the
approved business plans;

(ii) transactions out of the ordinary course of business;

(iii) the appointment of President and Chief Executive Officer;

(iv) any amendments to the Corporation’s pension plan(s);

(v) any proposed changes in compensation to be paid to the Board on the
recommendation of the Advisory and Nominating Committee; and

(vi) any other matter that have a materials impact on the Corporation.

(d) The Board shall oversee the Corporation’s compliance with laws and regulations, which
includes overseeing the Corporation’s compliance with all applicable OEB policies and
procedures.

(e) With respect to risks and opportunities affecting the Corporation, the Board may impose
such limits on the business activities of the Corporation as may be in the interests of the
Corporation and the Shareholder.

(f) The Board shall annually consider 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.

(g) The Board shall ensure that the Corporation has the appropriate policies and procedures
in place to establish just and reasonable rates which are:

(i) Consistent with similar utilities in comparable growth areas and as may be
permitted by the Ontario Energy Board Act;

(ii) Intended to enhance the value of the Corporation; and

(iii) Consistent with the encouragement of economic development and activity within
the Town of Oakville.

(h) The Board shall adopt prudent financial standards with respect to the affairs of the
Corporation and periodically will review the Corporation’s performance as to service
quality and other factors used by the OEB in setting the rates the Corporation may charge
to its customers and other similar financial and regulatory prudence standards.
(i) The Board shall perform such other functions as are prescribed by law, as are assigned to the Board in the By-Law and as it may from time to time determine in accordance with the plenary powers of the Board.

(j) The Board shall receive at each Board meeting reports 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 review and approve the annual business plan along with the operating and capital budgets.

(m) The Board shall review and approve the salary grid for Management, professional and supervisory positions and the annual compensation budget for the Corporation including the Variable Compensation Plan and outcomes.

(n) The Board shall approve the selection of the external auditors and the related remuneration and terms of engagement of external auditors.

(o) The Board may, from time to time, meet with the external auditors in camera in the absence of Management.

5.2 President and Chief Executive Officer

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

(b) The Board shall 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

(p) The Board shall annually review and approve the Corporation’s annual financial statements.

(q) The Board shall periodically review the means by which Shareholder 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 shall 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 shall consider any other matter referred to the Board by Oakville Hydro Corporation.

6. ACCOUNTABILITY

(a) The Chair may report on the deliberations of the Board annually to the Shareholder; and
The Board shall review this mandate and charter each year at its third quarter meeting in each Fiscal Year to assess its adequacy and recommend changes and propose a recommended work plan for the next 12 months.

Adopted: November 18, 2010
Last Reviewed: October 3, 2013
Last Revised: October 8, 2015