

OAKVILLE HYDRO ELECTRICITY DISTRIBUTION INC.

Mandate for the Board of Directors

1. OBJECTIVE

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

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

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

DEFINITIONS

- 8 (1) "Act" means the Business Corporations Act (Ontario);
- 9 (2) "Advisory and Nominating Committee" means the Advisory and Nominating Committee of the
10 Shareholder;
- 11 (3) "Board" means the Board of Directors of the Corporation;
- 12 (4) "By-Law" means the by-laws of the Corporation as amended and which are, from time to time,
13 in force and effect;
- 14 (5) "Chair" means the Chair of the Board;
- 15 (6) "Code of Conduct" means the Code of Conduct for Directors;
- 16 (7) "Corporation or OH" means Oakville Hydro Electricity Distribution Inc.;
- 17 (8) "Corporate Secretary" means the Corporate Secretary of the Corporation;
- 18 (9) "Director" means a member of the Board;
- 19 (10) "Fiscal Year" means the twelve-month period ending on the financial year end of the
20 Corporation being the 31st of December, in each year;
- 21 (11) "Governance and Risk Committee" means the Governance and Risk Committee of the
22 Shareholder;
- 23 (12) "Human Resources Committee" means the Human Resources Committee of the Shareholder;
- 24 (13) "Management" means one or more individuals in OEC executive positions;
- 25 (14) "Mandate" means this mandate;
- 26 (15) "OEB" means Ontario Energy Board;
- 27 (16) "President and Chief Executive Officer" means the President and Chief Executive Officer of the
28 Corporation;
- 29 (17) "Shareholder or OEC" means Oakville Enterprises Corporation
- 30 (18) "Shareholder Direction" means the Shareholder's Amended and Restate Shareholder Direction
31 and Unanimous Shareholder Declaration dated June 8, 2011 as amended and which are, from
32 time to time, in force and effect;
- 33 (19) "Town of Oakville" means the Corporation of the Town of Oakville; and

2. COMPOSITION OF THE BOARD OF DIRECTORS

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

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

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

41 Members of the Board shall be entitled to receive such remuneration for acting as members of the
 42 Board as may be determined from time to time by the Board on recommendation of the Advisory and
 43 Nominating Committee and upon approval of the Shareholder.
 44

3. OPERATING PRINCIPLES

The Board shall fulfill its responsibilities within the context of the following principles:**Board Role and Values**

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

3.2. Communications

48 Guided by the Boards and Committees Terms of Reference, the Chair and Directors will have
 49 direct, open and frank communications throughout the year including at Board meetings with
 50 each other and with Management, as applicable.

3.3. Board Work Plan

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

3.4. Meeting Agenda

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

3.5 Board Expectations and Information Needs

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

3.6 In Camera Meetings

58 At each meeting of the Board, the members of the Board shall meet at their discretion in private
 59 sessions that allow the Board to discuss matters amongst themselves. Actionable items resulting
 60 from these sessions will be recorded in the minutes in accordance with Corporation's guidelines
 61 for *in camera* meetings.

3.7 Adequate Resources

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

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

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

3.8 Board Self-Assessment

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

4. OPERATING PROCEDURES

74 The Board shall fulfill its responsibilities within the context of the following procedures and
75 guidelines:

4.1 Frequency and Calling of Board Meetings

76 The Board shall meet at least quarterly and more frequently if circumstances dictate. Meetings
77 shall be called in accordance with the bylaws. Notice of a meeting of the Board will be
78 given not less than 48 hours before the time when the meeting is to be held.

79 The meetings of the Board shall ordinarily include the Corporate Secretary and shall periodically
80 include Management as may be appropriate and as may be desirable.

4.2 Quorum

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

4.3 Secretary of Board Meetings

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

87 The Corporate Secretary shall keep minutes of Board meetings in which shall be recorded all
88 decisions taken by the Board. All such minutes shall be approved by the Board for entry in the
89 records of the Corporation.

4.4 Chair of Board Meetings

90 In the absence of the Chair at any meeting of the Board, the Chair may delegate a Director to
91 perform the duties of the Chair or the Directors present may elect one among them to perform
92 the duties of the Chair.

4.5 Minutes of Board Meetings

93 A copy of the minutes of each meeting of the Board shall be provided to each member of the
94 Board within thirty (30) calendar days of the meeting date.

5. SPECIFIC RESPONSIBILITIES AND DUTIES

5.1 General Responsibilities

- 95 (a) The Board shall oversee the management and affairs of the Corporation. In doing so, the
96 Board shall seek to establish a productive working relationship with the President and Chief
97 Executive Officer and Management.
- 98 (b) The roles and responsibilities of the Board are intended to primarily focus on the formulation
99 of strategic, financial, and organizational goals for the Corporation and on the monitoring of
100 Management performance. Without limitation, the Board shall (i) oversee a management-
101 driven strategic planning process and approve the Corporation's strategic plan, (ii) assess
102 the principal risks of the Corporation's business and ensure appropriate systems are in
103 place to manage such risks, (iii) select, monitor and evaluate the President and Chief
104 Executive Officer and oversee succession planning at the Management level, (iv) oversee
105 the communications policies of the Corporation and (v) monitor the effectiveness of the
106 Corporation's internal control and management information systems to safeguard
107 corporate assets.
- 108 (c) The Board shall review and approve the Corporation's financial objectives, short and
109 long-term business plans for the Corporation's businesses and monitor performance in
110 accordance with such plans. The Board shall also approve:
- 111 (i) capital allocations and expenditures (other than minor items) outside of the approved
112 business plans;
- 113 (ii) transactions out of the ordinary course of business;
- 114 (iii) the appointment of the President and Chief Executive Officer;
- 115 (iv) any amendments to the Corporation's pension plan(s); and
- 116 (v) any other matters that have a material impact on the Corporation.
- 117 (d) The Board shall oversee the Corporation's compliance with laws and regulations, which
118 includes overseeing the Corporation's compliance with all applicable OEB policies and
119 procedures.
- 120 (e) With respect to risks and opportunities affecting the Corporation, the Board may impose
121 such limits on the business activities of the Corporation as may be in the interests of the
122 Corporation and the Shareholder.
- 123 (f) The Board shall annually consider the recommendations of the Advisory and Nominating
124 Committee regarding the skills and competencies of the Board from the perspective of
125 determining what additional skills and competencies would be helpful to the Board. The
126 identification of specific candidates for consideration shall be the responsibility of the
127 Advisory and Nominating Committee which shall be guided by the findings of the Board in
128 relation to competencies and skills.

- 129 (g) The Board shall ensure that the Corporation has the appropriate policies and procedures in
130 place to establish just and reasonable rates which are:
- 131 a. Consistent with similar utilities in comparable growth areas and as may be permitted by
132 the *Ontario Energy Board Act*;
- 133 b. Intended to enhance the value of the Corporation' and
- 134 c. Consistent with the encouragement of economic development and activity within the
135 Town of Oakville.
- 136 (h) The Board shall adopt prudent financial standards with respect to the affairs of the
137 Corporation and periodically will review the Corporation's performance as to service quality
138 and other factors used by the OEB in setting the rates the Corporation may charge to its
139 customers and other similar financial and regulatory prudence standards.
- 140 (i) The Board shall perform such other functions as are prescribed by law, as are assigned to
141 the Board in the By-Law and as it may from time to time determine in accordance with the
142 plenary powers of the Board.
- 143 (j) The Board shall receive at each board meeting reports on health, safety and environmental
144 matters as they affect the Corporation and its businesses.
- 145 (k) The Board shall provide an orientation program for new Directors and continuing education
146 opportunities for all Directors.
- 147 (l) The Board shall review and approve the annual business plan along with the operating and
148 capital budgets.
- 149 (m) The Board shall annually review and approve the Corporation's annual financial statements.
- 150 (n) The Board shall approve the selection of the external auditors and the related remuneration
151 and terms of engagement of the external auditors.
- 152 (o) The Board may, from time to time, meet with the external auditors *in camera* in the absence
153 of Management.

5.2 President and Chief Executive Officer

- 154 (a) The Board shall approve a position description for the President and Chief Executive
155 Officer.
- 156 (b) The Board shall review with the Human Resources Committee the objectives set for the
157 President and Chief Executive Officer and performance in relation to such objectives.

5.3 Communications

158 The Board shall periodically review the means by which the Shareholder can communicate with
159 the Corporation including the opportunity to do so at the annual general meeting and
160 communications interfaces through the Corporation's website.

5.4 Communication Process

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

5.5 Other Business

6. ACCOUNTABILITY

- 163 (a) The Chair may report on the deliberations of the Board annually to the Shareholder; and
164 (b) The Board shall review this mandate at least every two years, or earlier should there be a specific
165 request to amend and recommend any changes to the Governance and Risk Committee.

Adopted: November 18, 2010
Last Reviewed: October 3, 2013
Last Revised: October 8, 2015
Last Revised: October 5, 2017
Reviewed: September 25, 2019
Approved: November 27, 2019
Approved: April 1, 2021