

Greater Sudbury Utilities Inc.
**Human Resource, Governance
and Nominating Committee**

Terms of Reference

Version 1.0 – April 23, 2018

1. Purpose

The Human Resource, Governance and Nominating Committee (“the Committee”) is established by and accountable to the Board of Directors of Greater Sudbury Utilities Inc. It performs a critical role in overseeing the Corporation’s strategic human resource activities, Board governance, and the nomination of directors. The Committee assists the Board in its oversight responsibilities in relation to:

- Human resources strategy and compensation philosophy
- President & CEO selection, assessment, compensation, and succession
- Corporate governance
- Director nominations

2. Duties & Responsibilities of Committee Members

The Committee will adopt an agenda of items for the year (Work Plan). The Committee will be primarily concerned with ensuring that the Human Resource reporting, compensation philosophy, governance, and nominating is of high quality and reflects the integrity and ethics of the Corporation. The Committee does not deal with operational policy or ongoing administrative functions which are the responsibility of management.

2.1. Human Resources Strategy and Compensation Philosophy

The Committee has the responsibility to:

- 2.1.1. Oversee Management's human resources strategy and whether it aligns individual capabilities with business goals and strategies and includes processes to attract and retain key staff and to train and reward high performing and high potential talent.
- 2.1.2. Oversee and annually review the Corporation's succession and talent management strategies for Senior Executives and the organization as a whole.
- 2.1.3. Oversee key human resources activities, including labour relations, ethical conduct and preparations for collective bargaining.

2.2. President & CEO Selection, Assessment, Compensation, Succession

The Committee has the responsibility to:

- 2.2.1. Recommend to the Board the selection of the President & CEO.
- 2.2.2. Recommend to the Board the level of compensation for the President & CEO.
- 2.2.3. Assess performance of the President & CEO at least annually.
- 2.2.4. Review and approve the President & CEO's recommendation for compensation, including performance compensation, to be provided to senior executives namely; VP – Corporate Services and CFO, VP Competitive Services and Manager – Human Resources.

2.3. Corporate Governance

The Committee has the responsibility to:

- 2.3.1. Review all matters relating to the stewardship role of the Board in respect of the management of the Corporation, including the roles and responsibilities of directors and appropriate policies and procedures for directors to carry out their duties with due diligence and in compliance with all legal and regulatory requirements.
- 2.3.2. Advise the Board regularly with respect to significant developments in the law and practice of corporate governance, as well as the compliance by the Corporation with its corporate governance policies and applicable laws and regulations, including any regulatory guidance.

- 2.3.3. Review, monitor and make recommendations regarding the orientation and education of new Corporation directors, and the ongoing education of directors.
- 2.3.4. Establish criteria for, and annually implement, an evaluation process for the Board, each committee of the Board, and individual directors in order to assess the effectiveness of the Board as a whole, each committee of the Board and the contribution of individual directors.
- 2.3.5. Annually, together with the Chairs of other Board Committees, review the Terms of Reference of the Committees for purposes of preparing recommendations to the Board regarding changes to the Terms of Reference, the establishment or disbanding of Board committees, and changes to their composition, including the Chairs thereof.
- 2.3.6. Annually review the Board Mandate and Corporation by-laws.
- 2.3.7. Oversee compliance with the Corporation's Code of Conduct, and, if necessary, oversee the investigation of any alleged breach by senior officers of the Corporation's Code of Conduct.

2.4. Nominations for Corporate Directors

The Committee has the responsibility to:

- 2.4.1. Oversee the development of a skills matrix for Corporation directors setting out the desired competencies and skills for the Board.
- 2.4.2. Review and recommend, as required, candidates to fill any Corporation Board and Committee vacancies taking into consideration the current strengths, skills and experience on the Board and the strategic direction of the Corporation, including policies or targets related to diversity on the Board.

2.5. Policies and Procedures

The Committee has the responsibility to:

- 2.5.1. Review and recommend to the Board strategic human resource, compensation, and health and safety policies and guidelines where applicable.
- 2.5.2. Review and recommend to the Board an employment policy that ensures compensation, benefits and working conditions which are substantially consistent with the workforce of the City of Greater Sudbury.

- 2.5.3. Review and recommend to the Board a Code of Conduct for the Corporation, its directors, officers and employees, and monitor compliance with the Code
- 2.5.4. Review the Committee's Terms of Reference (this document) annually and report to the Board results of the review including any recommended changes to the Terms of Reference. The Board may at any time amend, rescind or cancel any of the provisions of the Terms of Reference, with or without substitution.

3. Method of Appointment of Committee Members

The Board of Directors will appoint or re-appoint the members of the Committee for a term of three years. The Board shall appoint a Chair and Vice-Chair from amongst the appointed Committee members who will report directly to the Board on the deliberations of the Committee. In the event that the Chair of the Committee is absent, a Vice-Chair will preside at the meeting. The Chair and Vice Chair of the Board of Directors will be ex officio members of the Committee and shall be allowed to vote on any matters coming before this Committee. At any time, any member of the Committee may resign or may be removed by the Board. The Board shall promptly fill vacancies.

4. Composition of Committee Members

The Committee shall be composed of a minimum of three directors of the Corporation. The Corporation's President & CEO and the Manager – Human Resources will attend as ex officio members. As an ex officio member, the President & CEO shall be allowed to sit with the Committee, but shall not be allowed to vote on any matter coming before the Committee. The Manager – Human Resources shall be allowed to sit with the Committee, prepare the agenda and act as secretary of the Committee but shall not be allowed to vote on any matters coming before the Committee.

5. Requirements and Competencies of Committee Members

Committee members should act in the best interests of the Corporation and be mindful of conflict of interest guidelines. Committee members should have membership attributes consistent with generally accepted standards including:

- **Human Resource Literacy:** All members are expected to have reasonable human resource literacy, including matters relating to compensation and health & safety, which is appropriate for understanding matters required of the Committee.
- **Governance Understanding:** All members are expected to have reasonable understanding of the role governance plays in a regulated business as it relates to Board related activities.

6. Procedures and Frequency of Committee Meetings

The time and location of meetings of the Committee and the procedure to be followed at such meetings shall be determined from time to time by the members of the Committee provided that:

- 6.1. A quorum for a meeting shall be two members if the Committee consists of three or four members, and three members if the Committee consists of five members, in person or by telephone or other telecommunications device; but shall not include the ex officio members of Chair and Vice Chair of the Board.
- 6.2. The Committee shall meet at least quarterly and at least 24 hours notice will be given in advance of a meeting.
- 6.3. The Secretary of the Committee may call a meeting on the direction of the Chair of the Committee or the President & CEO. Alternatively, any Committee member may call a meeting. Notice of the meeting can be by letter, electronic mail, facsimile or telephone, giving a least 24 hours notice.

7. Duties of Greater Sudbury Utilities Inc. President & CEO and Manager – Human Resources

The President & CEO and Manager – Human Resources of the Corporation will inform the Committee on a regular basis of any significant human resource, compensation or governance related issues that arise which significantly affect the overall performance of the organization.

Activity	Q1	Q2	Q3	Q4	As Needed
Oversee Management's human resources strategy and whether it aligns individual capabilities with business goals and strategies and includes processes to attract and retain key staff and to train and reward high performing and high potential talent.	✓				
Oversee and annually review the Corporation's succession and talent management strategies for Senior Executives and the organization as a whole.					
Oversee key human resources activities, including labour relations, ethical conduct and preparations for collective bargaining					
Recommend to the Board the selection of the President & CEO.					
Recommend to the Board the level of compensation for the President & CEO.					
Assess performance of the President & CEO at least annually.					
Review and approve the President & CEO's recommendation for compensation, including performance compensation, to be provided to senior executives namely; VP – Corporate Services and CFO, VP Competitive Services and Manager – Human Resources.					

<p>Review all matters relating to the stewardship role of the Board in respect of the management of the Corporation, including the roles and responsibilities of directors and appropriate policies and procedures for directors to carry out their duties with due diligence and in compliance with all legal and regulatory requirements</p>					
<p>Advise the Board regularly with respect to significant developments in the law and practice of corporate governance, as well as the compliance by the Corporation with its corporate governance policies and applicable laws and regulations, including any regulatory guidance.</p>					
<p>Review, monitor and make recommendations regarding the orientation and education of new Corporation directors, and the ongoing education of directors.</p>					
<p>Establish criteria for, and annually implement, an evaluation process for the Board, each committee of the Board, and individual directors in order to assess the effectiveness of the Board as a whole, each committee of the Board and the contribution of individual directors.</p>					

<p>Annually, together with the Chairs of other Board Committees, review the Terms of Reference of the Committees for purposes of preparing recommendations to the Board regarding changes to the Terms of Reference, the establishment or disbanding of Board committees, and changes to their composition, including the Chairs thereof.</p>					
<p>Annually review the Board Mandate and Corporation by-laws.</p>					
<p>Oversee compliance with the Corporation's Code of Conduct, and, if necessary, oversee the investigation of any alleged breach by senior officers of the Corporation's Code of Conduct.</p>					
<p>Oversee the development of a skills matrix for Corporation directors setting out the desired competencies and skills for the Board.</p>					
<p>Review and recommend, as required, candidates to fill any Corporation Board and Committee vacancies taking into consideration the current strengths, skills and experience on the Board and the strategic direction of the Corporation, including policies or targets related to diversity on the Board.</p>					

<p>Review and recommend to the Board strategic human resource, compensation, and health and safety policies and guidelines where applicable.</p>					
<p>Review and recommend to the Board an employment policy that ensures compensation, benefits and working conditions which are substantially consistent with the workforce of the City of Greater Sudbury.</p>					
<p>Review and recommend to the Board a Code of Conduct for the Corporation, its directors, officers and employees, and monitor compliance with the Code</p>					
<p>Review the Committee's Terms of Reference (this document) annually and report to the Board results of the review including any recommended changes to the Terms of Reference. The Board may at any time amend, rescind or cancel any of the provisions of the Terms of Reference, with or without substitution</p>					