

TERMS OF REFERENCE
HUMAN RESOURCES, HEALTH AND SAFETY COMMITTEE
Alberta Energy Regulator

A. Establishment of Committee

The Human Resources, Health and Safety Committee (Committee) is a standing committee of the Board of Directors (Board) of the Alberta Energy Regulator (AER/Regulator). The chair of the Committee (Committee Chair) is the person designated from time to time by the Chair of the AER Board of Directors (Board Chair).

B. Purpose

The purpose of the Committee is to:

- (i) Consider, monitor, oversee and make recommendations to the Board related to the Regulator's:
 - talent management, strategy, and planning;
 - organizational culture;
 - total rewards philosophy and programs;
 - sponsorship of the AER Senior Employees Pension Plan (SEPP), and the Supplementary Retirement Plan (SRP), ;
 - workforce engagement;
 - selection, remuneration and performance assessment of the Chief Executive Officer (CEO);
 - succession planning for the CEO and Executive Leadership Team (ELT); and
 - at the Board Chair's request, recruitment, the performance assessment process, and succession planning for the Chief Hearing Commissioner.

- (ii) To oversee, on behalf of the Board, the AER's Occupational Health and Safety policies, practices, and performance with a view to ensuring the maintenance of best-in-class standards and performance.

C. Scope of Authority

The Committee may consider, discuss, and provide feedback relating to matters within its area of responsibility brought before it by executive management, the Board or on its own initiative.

The Committee may:

- (i) approve matters that are administrative and non-substantive in nature such as: correction of errors customarily made to confirm the accuracy and completeness of the Committee's own minutes, to appoint a Vice Chair for the Committee, conduct all or a portion of the Committee meeting in camera and to approve the Committee's meeting agenda and changes to the agenda;

- (ii) refer matters to another committee for that committee's further consideration; and

- (iii) recommend to the Board for the Board's further consideration or approval of a particular course of action relating to matters that are substantive in nature but may not itself approve matters which are substantive in nature or require Board approval.

D. Responsibilities and Duties

1. Talent Management

The Committee shall:

- (i) oversee an overall talent management strategy and annual talent plan;
- (ii) endorse and recommend to the Board for approval, a consolidated “People Philosophy”, that summarizes AER’s overarching people philosophy and associated policies and the alignment of all related people policies with that strategy;
- (iii) oversee the adequacy and appropriateness of resources, including financial, capital and human for supporting the workforce of the Regulator;
- (iv) monitor organizational culture ensuring it is defined, aligned with strategy, and measured.
- (v) monitor people analytics and performance indicators and measures of employee attitudes and engagement;

2. Total Rewards

- (vi) endorse and recommend to the Board for approval, a total rewards philosophy and comparator groups for benchmarking purposes that are aligned with the strategy;
- (vii) in furtherance of the Board’s role as Plan Sponsor of the SEPP and SRP¹:
 - endorse and recommend to the Board for approval, the AER Pension Governance Manual;
 - endorse and recommend to the Board for approval, any plan amendments that are material in nature;
 - endorse and recommend to the Board for approval the AER Pension Funding Policy and any annual voluntary payments to the SEPP; and
- (viii) in furtherance of the Board’s role as Plan Administrator² of the SEPP and SRP, monitor quarterly and annual reports from the Management Pension Committee, consider, monitor and oversee the operation of the Management Pension Committee, and in respect of matters relating to the management of the SEPP and SRP for which full authority has not been delegated to the Management Pension Committee, make recommendations to the Board following consultation, where applicable, with the Management Pension Committee,³

¹ In its role as Plan Sponsor of the SEPP and SRP, the Regulator (and a delegate, including the Committee) is authorized to act in the best interests of the AER and the participating employers

² In exercising Plan Administrator functions, the Regulator (and a delegate, including the HR, H&S Committee) is subject to a fiduciary standard that requires the Regulator (or its delegate) to exercise the care, diligence and skill that a person of ordinary prudence would exercise when dealing with the property of another person; act in the best interest of the Plan Members and beneficiaries; and within the scope of their administrator duties, ensure that Plan Members and beneficiaries receive the promised benefits.

³ The Management Pension Committee has responsibility for the day-to-day administration of the SEPP and SRP. It also performs limited Plan sponsor functions including monitoring the competitiveness of the pension plans and recommending design changes to the HR, H&S Committee.

- (ix) endorse and recommend to the Board for approval the Statement of Investment Policies and Procedures.

3. CEO

The Committee shall:

- (i) establish an annual performance assessment process for the CEO;
- (ii) annually review with the Board the relationship to achievement of past performance goals, and future performance targets;
- (iii) when permissible by legislation or program, prepare a recommendation to the Board regarding base salary or benefit adjustments;
- (iv) review and report to the Board on the adequacy of CEO succession planning within the Regulator; and
- (v) as needed, recommend to the Board the recruitment process for the CEO.

4. Executive Leadership Team (ELT)

The Committee shall:

- (i) receive a report from the Chief Executive Officer on any compensation or benefit adjustments of members of the Executive Leadership Team and the relationship to achievement of past performance goals; and
- (ii) receive a report from the CEO on the adequacy of succession planning for ELT and VP roles.

5. Chief Hearing Commissioner and Hearing Commissioners

The Committee shall:

- (i) at the Chair's request, provide support to the Chair to establish an annual performance assessment process for the Chief Hearing Commissioner;
- (ii) at the Chair's request, provide support to the Chair to develop recommendations as to the recruitment process for the Chief Hearing Commissioner and Hearing Commissioners including the annual review of job descriptions and competency matrices; and
- (iii) at the Chair's request, review and report to the Board on the adequacy of succession planning for the Chief Hearing Commissioner.

6. Health & Safety and Security

The Committee shall:

- (i) receive regular reports concerning the AER's health and safety programs and policies;
- (ii) monitor, and if appropriate, recommend to the Board for approval any changes to:

- an overall Health and Safety strategy and the alignment of policies and practices within that strategy;
 - the adequacy and appropriateness of resources, including financial, capital, and human for supporting the health and safety of the Regulator staff; and
 - performance indicators and measures of health and safety, including accident and near miss statistics and Health and Safety Certificate of Recognition Audit results; and compliance with legislation; and
- (iii) monitor security reports and update the Board on significant matters and associated mitigation plans as required.

7. General and Governance Matters

The Committee shall report to the Board at least quarterly.

With respect to governance matters, and other actions not identified above, the Committee shall at least annually:

- (i) evaluate and review its performance and its compliance with its terms of reference and report to the Board;
- (ii) assess the appropriateness of its terms of reference, considering any applicable legislative and regulatory requirements, as well as best practices for crown agencies, boards and commissions and report to the Board; and
- (iii) perform such other responsibilities as the Board shall determine from time to time by resolution.

E. Meetings

1. Procedure

Unless otherwise determined by the Board or provided in the general bylaw of the Regulator, the Committee shall determine and regulate its procedures in all respects. The duties of the Committee Chair and any requirements with respect to the calling of meetings, attendance at meetings and voting shall be as set out in the general bylaw except as provided in this document.

2. Quorum

Participation of a majority of the members of the Committee shall constitute a quorum.

3. Reporting to the Board

The Committee shall report to the Board on material matters arising at Committee meetings, and where applicable, present the Committee's recommendation to the Board for its approval.

4. Delegation

The Committee may from time-to-time delegate to the Committee Chair any powers or responsibilities of the Committee. This delegation must include a reporting accountability

back to the Committee.

5. Meetings

The Committee shall meet at least quarterly, or more frequently, if necessary, to consider urgent matters or at the discretion of the Committee Chair.

6. Access to Management and Outside Advisors

The Committee, through the Committee Chair, shall have unrestricted access to staff and management of the Regulator. The Committee, with the consent of the Board, shall have the authority to retain external advisors to assist it in fulfilling its responsibilities.

F. Membership

1. Composition and Appointment.

2. The Committee shall be comprised of:

- (i) A minimum of two directors appointed to the Committee by the Board, each of whom shall have voting rights and one of whom shall be appointed by the Board Chair as Committee Chair;
- (ii) The Board Chair shall be an ex officio voting member of the Committee;
- (iii) The Chair should be familiar with good practices in corporate governance and have relevant board experience;
- (iv) The Vice President Regulatory Compliance and the Vice President, People, Culture & Learning are standing non-voting members; and
- (v) Any other individuals who are not directors and are appointed as members by the Board Chair whose voting status will be determined at the time of appointment.

3. Committee Chair

The Committee Chair is accountable to the Board Chair and is responsible for the matters set out in the role description approved from time to time by the Board, which shall at a minimum include the following:

- (i) call meetings of the Committee;
- (ii) identify items for consideration, ensure meeting agendas are prepared and that all other necessary materials are provided on a timely basis;
- (iii) notify and invite management and staff as appropriate;
- (iv) when present, preside at meetings of the Committee;

- (v) ensure all discussion items end with direction, action or definitive outcome and communicate such to staff and/or the Board; and
- (vi) ensure draft minutes are prepared for approval at the subsequent Committee meeting and ensure agendas, minutes and documentation of Committee activities are properly maintained.

4. Independence

Each member of the Committee shall meet the independence standards established by the Board.

G. Further Direction

- (i) The Committee may direct any of its members or management to perform any responsibilities of the Committee itself. This direction will include a reporting accountability back to the Committee.
- (ii) The Committee and each of its members shall comply with such additional requirements as are specified in the *Responsible Energy Development Act*, S.A. 2012, Chapter 17.3 as amended (REDA) and in the bylaws and resolutions of the Board in effect from time to time.

Original signed by Duncan Au

November 27, 2024

Duncan Au, Chair
Board of Directors
Alberta Energy Regulator

Date

Date of Last Review by Committee: November 21, 2024