

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 assist and advise the Board with respect to:

- (i) Consider, monitor, oversee and make recommendations to the Board related to the Regulator's:
 - human resources management,
 - strategy and planning;
 - organizational culture;
 - compensation philosophy;
 - pension management oversight;
 - workforce engagement;
 - selection, remuneration and performance assessment of the Chief Executive Officer (CEO); and
 - compensation and succession planning for the executive leadership team (ELT).
- (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; those 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 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

The Committee shall have the responsibilities set out below as well as any other matters as may be delegated by the Board to the Committee from time to time:

1. Human Resources

The Committee shall monitor, and if appropriate recommend to the Board any changes to:

- (i) an overall human resources strategy, and the alignment of policies and practices with that strategy.
- (ii) the adequacy and appropriateness of resources, including financial, capital, and human, for supporting the human resources of the Regulator.
- (iii) an overall compensation strategy, and the alignment of compensation and benefit programs (including employee, management and supplemental pension plans) with that strategy.
- (iv) issues arising from the Regulator's participation in multi-unit pension plans, and, in coordination with the Audit and Finance Committee, the adequacy of funding of pension plans
- (v) human resource performance indicators and measures of employee attitudes and engagement.
- (vi) compliance with legislation.
- (vii) organizational culture, ensuring it is defined, aligned with strategy and measured.

2. CEO and Executive Leadership Team (ELT)

The Committee shall:

- (i) prepare an annual recommendation to the Board regarding ELT compensation, including components of compensation (including benefits), the relationship to achievement of past performance goals, future performance targets, and an approach to disclosure;
- (ii) review and report to the Board on the adequacy of succession planning within the Regulator;
- (iii) as needed, recommend to the Board the recruitment process for the CEO; and
- (iv) coordinate an annual performance assessment process for the CEO.

3. Health and Safety

The Committees 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 with that strategy;
 - the adequacy and appropriateness of resources, including financial, capital, and human, for supporting the health and safety of the Regulator staff;
 - performance indicators and measures of health and safety, including accident and near miss statistics; and
 - compliance with legislation.

4. 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, taking into account 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

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 Executive Vice President of Corporate Services as a standing non-voting member; and
- (iv) 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.

2. 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 that agendas, minutes and documentation of Committee activities are properly maintained.

3. 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.

David Goldie, Chair
Board of Directors
Alberta Energy Regulator

Date