



# **SASKENERGY INCORPORATED BOARD OF DIRECTORS TERMS OF REFERENCE**

Reviewed by the Governance and Social Responsibility Committee – November 8, 2018  
Approved by the Board of Directors – November 28, 2018

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## **1. OBJECTIVES**

- 1.1 The Board of Directors function as stewards of the Corporation, and have statutory authority and an obligation to manage the affairs and business of the Corporation. In satisfaction of this obligation, the Board provides oversight while delegating to Management the responsibility for the day to day operations of the Corporation. The fundamental objective of the Board is to act in the best interests of the Corporation, taking into account the public policy and business objectives of the Corporation, with a view to enhancing shareholder value.

## **2. CONSTITUTION**

- 2.1 The Board of Directors shall be comprised of not more than twelve (12) members, who shall be appointed by the Lieutenant Governor in Council. Each member of the Board shall hold office at pleasure for a period not exceeding five (5) years and until a successor is appointed. A member may be reappointed. Where a vacancy occurs at any time in the membership of the Board, it may be filled by the Lieutenant Governor in Council.
- 2.2 The Board shall develop position descriptions for the Chair of the Board, the Committee Chairs and individual directors which set out the duties, responsibilities and expectations of each position, and may make recommendations respecting the appropriate mix of skills, qualifications and expertise required for new directors pursuant to the Crown Investment Corporation policies, as well as recommend individual candidates to fill vacancies.
- 2.3 The Board must be comprised of a majority of directors who are independent. An independent director means a director who has no direct or indirect material relationship with the Corporation. A material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a director's independent judgment. In making a determination regarding a director's independence, the Board will consider all relevant facts and circumstances, including the director's commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships and such other criteria as the Board may determine from time to time, in accordance with the Crown Investments Corporation's Director Code of Conduct. Directors are asked to provide the Governance and Social Responsibility Committee with full information regarding their business and other relationships with the Corporation and its affiliates, and senior management. Directors have an ongoing obligation to inform the Board of any material changes in their

- circumstances or relationships which may affect the Board's determination of their independence.
- 2.4 The Lieutenant Governor in Council shall designate one member of the Board as Chair of the Board and another member of the Board as Vice Chair of the Board. If the Board Chair is absent or unable to act or the office of the Chair is vacant, the Vice Chair shall perform all of the duties and may exercise all of the powers of the Chair. If both the Chair and the Vice Chair are absent, the Chair of the meeting shall be chosen by the remaining members of the Board. The Chair presiding at any meeting of the Board shall have a vote in all matters considered by the Board. In the event of a tie, the motion is defeated.
- 2.5 The Secretary to the Board of Directors, shall be an employee of the Crown Investments Corporation (CIC). If the Secretary is not present at any meeting of the Board, the Board may appoint an acting Secretary to perform the functions of the Secretary at that meeting, who need not necessarily be an employee of the Crown Investments Corporation.

### **3. DUTIES AND RESPONSIBILITIES**

- 3.1 In discharging its obligations, the Board has specific duties and responsibilities for the following, which do not, limit or comprehensively define its overall responsibility for stewardship of the Corporation:
- 3.1.1 to adopt a strategic planning process and to provide leadership in setting the Corporation's strategic direction;
  - 3.1.2 to approve the Corporation's strategic plan, objectives, budgets, performance indicators and the business plans established to achieve them;
  - 3.1.3 to review and monitor corporate performance against approved targets and measures, and to approve the quarterly performance results report to be submitted to CIC;
  - 3.1.4 to satisfy itself as to the integrity of the senior executives of the Corporation and as to the culture of integrity throughout the Corporation;
  - 3.1.5 to understand and monitor the principal risks of the business in which the Corporation is engaged and to oversee appropriate risk management;

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- 3.1.6 to recommend the appointment or termination of, monitor and evaluate the performance of the President and Chief Executive Officer, taking appropriate action as warranted;
  - 3.1.7 to review recommendations of the President and Chief Executive Officer regarding appointments and terminations of the Executive Officers and the Director of Internal Audit;
  - 3.1.8 to ensure that effective management succession planning and management development plans are in place;
  - 3.1.9 to ensure policies and processes are in place for effective communication with the corporation's shareholder, other stakeholders and the public;
  - 3.1.10 to be responsible for the Corporation's internal control and management information systems;
  - 3.1.11 to approve and monitor compliance with significant policies and procedures which have a material impact on the operation of the Corporation;
  - 3.1.12 to develop corporate governance principles and guidelines;
  - 3.1.13 to adopt an Annual Work Plan to ensure the duties and responsibilities listed in the Terms of Reference are scheduled to be achieved;
  - 3.1.14 to review annually, in conjunction with the Governance and Social Responsibility Committee, the adequacy of the Terms of Reference for the Board and its Committees;
  - 3.1.15 to review annually the effectiveness of the Board and its Committees in achieving the requirements of its Terms of Reference, and the Terms of Reference of all Committees of the Board, including the Annual Work Plans;
  - 3.1.16 to ensure that there is an appropriate orientation program for new directors and that there is a continuing education program in place for all directors;
  - 3.1.17 to evaluate the performance of the Board, Committees, Chairs and individual directors on a triennial rotational-basis, as set by Crown Investments Corporation;
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3.1.18 to ensure that the Board functions independent of Management;  
and

3.1.19 to approve programs and policies involving the overall compensation of employees, including adjustments for management and Executive compensation, and the Corporation's Collective Bargaining Agreement.

#### **4. LEGAL RESPONSIBILITIES**

4.1 In discharging its legal duties and statutory responsibilities, the Board shall ensure that the Corporation establishes appropriate and effective policies and procedures to:

4.1.1 operate at all times within applicable laws and regulations;

4.1.2 operate in accordance with the highest ethical standards; and

4.1.3 properly prepare, approve and maintain Corporate documents and records.

4.2 In performing their legal duties, Directors shall:

4.2.1 act honestly and in good faith with a view to the best interests of the Corporation, while taking into account the public policy and business objectives of the Corporation;

4.2.2 exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstance; and

4.2.3 comply with the provisions of *The Crown Corporations Act*, 1993, and *The SaskEnergy Act*, as amended or replaced from time to time.

#### **5. MANAGEMENT RESPONSIBILITIES**

5.1 The Board discharges its statutory obligation to manage the affairs and business of the Corporation by delegating certain of its powers to officers and employees of the Corporation.

5.2 Management is responsible for the day-to-day operations of the Corporation, acting within approved Board policies and directives.

5.3 The Board, in addition, requires management to:

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- 5.3.1 develop for recommendation to the Board a vision and mission for the Corporation and strategic plans, business plans, and budgets to achieve the vision;
  - 5.3.2 establish, prioritize and achieve Corporate strategies, goals and operational plans, and measure performance indicators;
  - 5.3.3 identify, prioritize and manage the principal risks to the Corporation;
  - 5.3.4 appoint, train, motivate, monitor and evaluate employees, and develop an effective succession plan;
  - 5.3.5 propose and implement policies and processes to enable effective communication with the shareholder, stakeholders and the public;
  - 5.3.6 design and implement policies and procedures to ensure the integrity of the Corporation's internal control and management information systems;
  - 5.3.7 provide accurate, complete and timely information to the Board to enable it to discharge its obligations and meet its governance and legal responsibilities;
  - 5.3.8 establish and implement policies and procedures to ensure statutory and compliance responsibilities are met, and that the Corporation establishes appropriate and effective policies and procedures to:
    - a) operate at all times within applicable laws and regulations;
    - b) operate in accordance with the highest ethical standards; and
    - c) properly prepare, approve and maintain Corporate documents and records.

## **6. MEETINGS**

- 6.1 The time and place of meetings of the Board and the procedures at such meetings shall be determined from time to time by the members of the Board, provided that:
  - 6.1.1 the Board shall meet at least a minimum of every three (3) months;
  - 6.1.2 a meeting of the Board may be called on the direction of the Chair of the Board, the President and Chief Executive Officer of the Corporation or by any two (2) members of the Board, and

subject to quorum being achieved, the meeting shall convene on the date and time set by the Notice of Meeting;

- 6.1.3 a quorum for meetings shall be seven (7) members of the Board, present either in person or by telephone or other telecommunications device that permits all directors participating in the meeting to speak to and hear each other;
- 6.1.4 reasonable notice, preferably seven (7) days before the meeting, shall be given in writing, by e-mail or by facsimile communication to each member of the Board;
- 6.1.5 the Agenda and associated material shall be sent to each member of the Board prior, preferably seven (7) days, to the time for such meeting;
- 6.1.6 a director may in any manner waive a notice of meeting, and attendance of a director at the meeting is a waiver of notice of the meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not properly called;
- 6.1.7 the Board shall have the right to determine which non-Board members shall and shall not be present at any part of the meetings of the Board, and may hold in camera sessions.

## **7. MINUTES AND REPORTING RESPONSIBILITIES**

- 7.1 An outline of material proceedings and deliberations addressed by the Board, and all recommendations, decisions and directives of the Board shall be recorded by the Secretary in the minutes of the meeting.
- 7.2 A draft copy of the minutes of a Board meeting, approved by the Chair, shall be circulated to members of the Board prior to the next regular Board meeting. A Board member may request that the revised minutes include specific deliberations. Following approval of the minutes of the meeting by the Board, if substantive revisions have been made to the draft minutes, the minutes approved by the Board shall be re-circulated to members of the Board.

## **8. COMMITTEE STRUCTURE**

- 8.1 The Board shall appoint any Committees that it considers necessary for the efficient conduct of the affairs and business of the Corporation and to prescribe the scope, duties and responsibilities of any Committee it appoints through Terms of Reference for the Committee.
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- 8.2 The Board shall appoint by resolution members of the Committees, to hold office until that member is removed by resolution of the board, or ceases to be a member of the Board.
- 8.3 The appointment by the Board of a committee and the assignment of duties to it do not absolve the full Board of its responsibility for the actions or decisions of the Committee. Committees shall assist with the deliberations required for the fulfillment of the Board's Terms of Reference; however, unless specifically stated otherwise, all Committees shall act in an advisory capacity only, recommending decisions to the Board for approval.
- 8.4 The Board Chair, in conjunction with the Governance and Social Responsibility Committee Chair, shall annually review the membership composition, and mix of required skills and qualifications of all Board Committees.
- 8.5 The Board Chair shall be an ex-officio member of any Committee appointed by the Board.

## **9. SUPPORT TO BOARD**

- 9.1 The Board shall have access to any and all books and records of the Corporation required for the execution of the Board's obligations and, as necessary, shall discuss with appropriate corporate officers and employees, co-ordinated through the Office of the President and Chief Executive Officer, such records and other relevant matters.
- 9.2 The Board shall have the authority to retain external advisors, experts or consultants in order to properly discharge its duties and responsibilities.

## **10. SUBSIDIARY STRUCTURE**

- 10.1 In this section, the term "SaskEnergy Subsidiary" or "SaskEnergy Subsidiaries" shall collectively mean the directly and indirectly, wholly-owned subsidiary companies of SaskEnergy Incorporated.
- 10.2 Directors for each of the Boards of SaskEnergy's Subsidiaries shall be elected annually at a SaskEnergy Subsidiaries shareholder's meeting, to hold office for a term no longer than that prescribed in the legislation or Bylaws governing the SaskEnergy Subsidiary, or the term of the Order-in-Council appointing the Directors to SaskEnergy's Board of Directors, or until the Director resigns.

- 10.3 The Directors and the Chair of SaskEnergy's Subsidiaries shall be the same as the members appointed to the Board of SaskEnergy.
- 10.4 The SaskEnergy Subsidiary Board Committees and Chairs shall be the same Committees and Chairs as those appointed for SaskEnergy, and the members and Chairs of the Committees for each of the Subsidiary Boards shall hold office until that member is removed by resolution of the Board, or otherwise ceases to be a member of the Board.
- 10.5 The Terms of Reference approved by the SaskEnergy Board for the Board and Board Committees shall be adopted with the necessary changes, for each of the SaskEnergy Subsidiaries, and any amendments made to these Terms of Reference from time to time, shall be deemed to be adopted and incorporated into the Terms of Reference applicable for each of the SaskEnergy Subsidiaries.

## **11. CONFIDENTIALITY**

- 11.1 All deliberations of the Board, and all records, material and information pertaining to the Corporation obtained by a member of the Board, shall be considered confidential. Board members shall maintain the confidentiality of such deliberations, and shall safeguard such records, material and information from improper access.