

OAKVILLE HYDRO CORPORATION
GOVERNANCE AND RISK COMMITTEE

MANDATE AND CHARTER

The Board's Mandate for the Governance and Risk Committee

Adopted: November 18, 2010

Revised: December 8, 2011

1. OBJECTIVE

The Board of Directors (the “**Board**”) of **OAKVILLE HYDRO CORPORATION** is responsible for overseeing and monitoring all significant aspects of the management of the business and affairs of Oakville Hydro Corporation, and its affiliates (collectively, the “Corporation”). With respect to OAKVILLE HYDRO ELECTRICITY DISTRIBUTION INC. (“OHEDI”), this responsibility is shared with the Board of Directors of OHEDI.

Governance and organizational effectiveness of the Board and strategy and risk management constitute significant aspects of the management of the Board’s business and affairs.

To assist the Board in fulfilling its responsibilities, the Board has established a committee of the Board known as the Governance and Risk Committee (the “Committee”) to advise the Board with respect to governance, risk and related matters and to make recommendations to the Board relating to these matters.

The Committee shall develop and present to the Board, for its approval, a Charter which includes a description of the activities in which the Committee will engage for the purpose of advising and making recommendations to the Board with respect to governance, risk and related matters.

2. COMPOSITION

The Committee shall be appointed annually by the Board and consist of a minimum of three (3) members and a maximum of five (5) members, with a majority being members of the Board. The Committee Chair and the members of the Committee shall be nominated by the Advisory and Nominating Committee of the Board, and approved by the Board. The Chair shall be a Board member. In addition, the Board Chair and President and CEO shall be ex-officio non-voting members. The Committee may appoint ad-hoc non-voting members to the Committee, as required, to assist the Committee in fulfilling its Mandate.

Governance & Risk Committee Charter

The Committee's Charter outlines how the Committee will satisfy the requirements set forth by the Board in its Mandate. This Charter comprises:

- Operating Principles
- Operating Procedures
- Specific Responsibilities and Duties

3. OPERATING PRINCIPLES

The Committee shall fulfill its responsibilities within the context of the following principles:

3.1 Committee Values

The Committee members will act in accordance with the Board's policies and industry best practices, as applicable.

3.2 Communications

The Chair and members of the Committee expect to have direct, open and frank communications throughout the year with the Board Chair, other Committee Chairs and Management, as applicable.

3.3 Committee Work plan

The Corporate Secretary in consultation with the Committee and Management shall develop an annual Committee work plan responsive to the Committee's responsibilities as set out in this Charter and update it every 12 months.

The Committee will review its annual work plan at its third quarter meeting in each fiscal year.

3.4 Meeting Agenda

The Committee meeting agendas shall be the responsibility of the Committee Chair. The Corporate Secretary will develop meeting agendas in consultation with the Committee Chair, Committee members, the Board Chair and assigned Management.

3.5 Committee Expectations and information needs

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

3.6 In-Camera Meetings

At each meeting of the Committee, the members of the Committee shall meet at their, discretion in private sessions that allow the Committee to discuss matters (a) amongst themselves, and (b) with management. Actionable items resulting from these sessions will be recorded in the minutes.

3.7 Adequate Resources

The Committee should have adequate resources to discharge its duties as mentioned in this mandate subject to prior budget provision. Members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may determine from time to time consistent with its remuneration policies for all Board and Committee members. The Committee may hire external consultants to assist with specific matters to fulfill its responsibilities subject to prior budget approval.

4. OPERATING PROCEDURES

4.1 Committee Self-Assessment

The Committee shall annually review, discuss and assess its own performance and individual members' performance. In addition, the Committee shall annually review its role and responsibilities. The Committee shall reconsider its Mandate and Charter at least annually and report to the Board with any recommendations for change.

4.2 Frequency and calling of Committee meetings

The Committee shall meet every quarter or more frequently as circumstances dictate. Meetings shall be held at the call of the Chair of the Committee or upon the request to the Chair of the Committee by two members of the Committee or the Management.

4.3 Quorum

A quorum shall be a majority of the voting members of the Committee. Each voting member will be entitled to one vote and the Committee Chair will not have a second or casting vote in the case of an equality of votes. No proxies shall be permitted.

4.4 Secretary of Committee meetings

Unless the Committee otherwise specifies, the Corporate Secretary shall act as Secretary of all meetings of the Committee. In the absence of the Secretary, the Chair of the Committee shall designate a person to act as the Secretary of the meeting.

4.5 Chair of Committee meetings

In the absence of the Chair of the Committee at any meeting of the Committee, the Chair of the Committee may delegate a Committee member to perform the duties of the Chair or the Committee members present may elect one among them to perform the duties of the Chair.

4.6 Minutes of Committee meetings

A copy of the Minutes of each meeting of the Committee shall be provided to each member of the Committee within 20 calendar days from the meeting date.

5. SPECIFIC RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties to advise the Board with respect to governance, and related matters of organizational effectiveness and strategic planning and risk management and to make recommendations to the Board relating to these matters, the Committee shall in consultation with the President and CEO:

5.1 Governance structure

Make recommendations to the Board respecting the governance structure of the Board and the Corporation.

5.2 Board and Committee policies

Oversee the development of and any amendments to the Board and Committee policies.

5.3 Position Descriptions

Oversee the development and any amendments of position descriptions for the Officers of the Board.

5.4 Corporate and Regulatory Compliance Best Practices

Review and monitor industry best practices regarding all corporate and regulatory governance standards and practices applicable to the Corporation and make recommendations as appropriate from time to time.

5.5 Disclosure

Review and approve the disclosure with respect to corporate governance practices required to be included in any regulatory filings of the Corporation or before any public disclosure thereof by the Corporation.

5.6 Self Assessment

Develop and make recommendations to the Board on, and oversee the process for annual assessment and evaluation of the performance of the Board, the Board Chair, the Board members and the Board's Committees.

5.7 Orientation

Review, monitor and make recommendations regarding the orientation and ongoing development of existing and new Directors, Officers and Committee members.

5.8 Review of Corporate Documents

Annually review of the Board Reference Manual outlining the policies and procedures by which the Board will operate the Corporation's by-laws, articles, and any changes in applicable corporate laws to ensure their continued adequacy and relevance. Oversee the development of, and any amendments to, the Mandate and Charter of the Board and of all the Committees of the Board, Chair role description of the Board Chair and Committee Chairs.

5.9 Meetings

Assess the needs of the Board in terms of the frequency and location of Board, Committee, and Members meetings, meeting agendas, discussion papers, reports and information, and the conduct of the meetings and make recommendations to the Board as required.

5.10 Strategic Planning

Provide input during the strategic planning process within the Corporation and review, recommend to the Board for approval and monitor the strategic plan including fundamental financial and business strategies and objectives.

5.11 Risk Management

- (1) Review regular reports from Management assessing the major strategic, reputational, and operational risks facing the Corporation.
- (2) The financial risks will be handled by the Finance and Audit Committee and that Committee will regularly report its findings to the Board.
- (3) Review management's risk management framework/process regarding risk identification, management, monitoring, and reporting of risks.

5.12 Key Performance Indicators

- (1) Receive and regularly review summary reports of specified performance indicators; monitor progress on strategic initiatives; monitor compliance with Code of Conduct, identify problem areas where further investigation may be warranted.
- (2) Establish for Board approval, appropriate performance indicators relating to strategic, risk, and organizational performance.

5.13 Communication Process

Ensure an effective process is established and applied for the communication of strategic and risk management initiatives between the Board, the organization, and external stakeholders.

5.14 Advise Board

Advise the Board on matters of non-financial policy, public affairs, inter-corporation affairs and inter-local distribution company affairs.

5.15 Other Matters

Consider any other matter relating to the governance and organizational effectiveness of the Board referred to the Committee by the Board.

6. ACCOUNTABILITY

The Committee will report on its deliberations to the Board through verbal reports by its Chair at regular Board meetings.

The Committee will review its Mandate and Charter each year at its third quarter meeting to assess adequacy and endeavour to keep Committee members abreast of “best practices” for a Governance and Risk Committee. Any proposed amendments to the Mandate and Charter will be submitted by the Committee to the Board and if agreed to by the Board, will thereafter be put into effect.