

AFSC BOARD OF DIRECTORS
GOVERNANCE & HUMAN RESOURCES COMMITTEE
TERMS OF REFERENCE

I. Purpose

The Governance & Human Resources Committee (the “Committee”) shall assist the AFSC Board of Directors (the “Board”) in its oversight responsibilities on matters relating to AFSC’s corporate governance, corporate ethics, and human resources strategy.

II. Independence and Conflicts of Interest

Independence: All members of the Committee shall be independent directors of the Corporation and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee.

Conflicts of Interest: Where a matter for decision in which a Committee member has reasonable grounds to believe that the Committee member or an associated person has an actual or apparent private interest is before the Committee, the Committee member must declare that interest and withdraw from the meeting without taking part in the discussion or casting a vote.

III. Composition and Meetings

Composition: The Committee shall be comprised of at least four members. The Chair of the Board (the “Board Chair”) shall be an *ex-officio* voting member of the Governance & Human Resources Committee, and the remaining members of the Committee shall be appointed by the Board to serve at the pleasure of the Board. If required by the Chair of the Committee (the “Committee Chair”), the Board may appoint one or more alternates to the Committee for the purposes of satisfying quorum for a Committee meeting. If an alternate is so appointed for a meeting, then that alternate is a member of the Committee only for that meeting. The Board shall review Committee membership on an annual basis.

Appointment and Role of Chair: The Board shall appoint the Committee Chair. The Committee Chair shall provide leadership to enhance the effectiveness of the Committee and act as the liaison between the Committee and the Board, as well as between the Committee and management. The Committee Chair shall manage the Committee’s meetings, activities and its process of reporting to the Board. If the Committee Chair is absent from a meeting, the Committee members present at that meeting shall elect one of their number to serve as the Chair for that meeting.

Frequency of Meetings: The Committee shall meet at least four times annually, or more frequently as required.

Timing and Venue of Meetings: Committee meetings will be convened by the Committee Chair. The Committee shall meet to allow adequate time for all Board members to be well informed of the deliberations and recommendations of the Committee for considering the Committee’s report at the Board meeting. The meetings may be held virtually, either by an online video platform or by teleconference. The Committee may also meet in-camera as required.

Quorum: A majority of the Committee membership, including the Board Chair, being present at the meeting constitutes a quorum. The Committee Chair at a meeting will call an alternate to attend at the meeting if a member is required to meet quorum.

Minutes: Minutes of all meetings of the Committee shall be maintained and made available to the Board. The Corporation shall arrange for clerical assistance to record minutes of meetings if requested.

Voting: Every member of the Committee, including the Committee Chair and the Board Chair, is a voting member of the Committee. The affirmative votes of a majority of the Committee members present at any meeting of the Committee at which a quorum is present are sufficient to pass a motion to bind all Committee members. The Board will resolve a motion if the Committee vote is a tie. The Committee Chair at the meeting in which there is a tie will present the motion for resolution to the Board at the next Board meeting.

IV. Responsibilities and Duties

1. Corporate Governance

The Committee shall:

- Review AFSC's Board and corporate governance structure and performance, by ensuring consistency with the principles, practices, and requirements prescribed in the Public Agency Governance Policy, issued by the Public Agency Secretariat and applicable to all Public Agencies in Alberta, as well as ensuring corporate governance practices are in line with the nature, scope, complexity, and risk profile of AFSC.
- Annually review the Mandate and Roles Document (MRD) describing the governance relationship between the Minister and the Corporation and recommend changes/updates to the Board. Ensure that the Corporation reports to the Minister on a timely basis regarding matters covered by the MRD.
- Recommend to the Board the establishment and disbanding of Board Committees, as necessary.
- Annually review the Committee's responsibilities and authorities through review of these Terms of Reference, and make amendments as necessary.
- Ensure an effective and formal evaluation of performance is in place for the Board and its Committees. Review evaluations and assess the performance of the Board and its Committees, address issues arising from evaluations and assessments, and make recommendations to the Board on how to deal with the issues.
- Annually review Board competencies and capacity through the utilization of a skills matrix. Provide recommendations for opportunities to improve Board effectiveness, individual competencies and development opportunities, and to inform the re-appointment process.
- Develop and recommend a succession plan for the Board to minimize organizational risk associated with Board succession.
- Review the annual meeting plan for the Committee, including frequency and significant business content of the meetings.
- Review the communication processes between the Board and stakeholders, as necessary.

- Annually review the Board Governance Handbook and update as necessary.
- Annually review and evaluate the orientation process for new Board members and the training and development plans for all Board members for the purpose of making recommendations to the Board, and update as necessary.
- Provide recommendations to the Board regarding the recruitment, selection, appointment, compensation and termination of the Chief Executive Officer.
- Set performance evaluation standards for assessing the corporate and individual performance of the Chief Executive Officer.
- Review the job description, succession planning and reporting process for the Chief Executive Officer.

2. Corporate Ethics

The Committee shall:

- Annually review the AFSC Code of Conduct and Ethics and recommend changes as necessary.
- Annually review the processes for communicating the expectations of compliance with the Code of Conduct and Ethics to all AFSC personnel and recommend changes as necessary.
- Annually review the processes for monitoring compliance, and for addressing non-compliance, with the Code of Conduct and Ethics by members of the Board and by AFSC staff and recommend changes as necessary.

3. Human Resources Strategy

The Committee shall:

- Provide recommendations to the Board regarding general executive succession and development.
- Provide recommendations to the Board regarding a philosophy and strategy for enterprise-wide compensation programs.
- If required, assist the Board with developing corporate human resources policies for areas such as, but not limited to, talent development, retention and succession planning.

4. Other

The Committee shall:

- Annually perform a self-assessment of Committee performance.
- Review and provide input on disclosures regarding role of the Committee in the Corporation's annual report.

- Perform other duties and responsibilities as may from time to time be delegated by the Board.

Updated: September, 2024