

# **AQUATERA UTILITIES INC. GOVERNANCE AND ENVIRONMENT COMMITTEE (GEC) CHARTER**

## **A. Mandate of the GEC**

The mandate of the GEC is to assist the Board in fulfilling its oversight responsibilities with respect to matters related to corporate governance including identifying and recommending individuals to the Board for nomination as members of the Board and its committees. The GEC also provides assistance to the Board in fulfilling its oversight responsibilities with respect to ensuring compliance with ethical practices, code of conduct, environmental practices, procedures and policies as established by management and in relation to required legal, regulatory and industry compliance standards or best practices.

## **B. Duties and Responsibilities of the GEC**

### 1. Governance Matters

The GEC shall:

- a) in collaboration with the Board Chair and Committee Chairs, annually review the scope and responsibilities of the Board and its Committees, ensuring written mandates appropriately reflect duties and responsibilities and the Board's expectations of individual directors, and where required, recommend amendments including identification of Committees to whom management should report on specific issues or the establishment or disbandment of Committees as required;
- b) review and propose to the Board for approval, criteria for selecting new directors, after considering the competencies and skills the Board, as a whole, possesses, the competencies and skills each director possesses, and the competencies and skills each new nominee should bring to the Board;
- c) review the qualifications of person(s) proposed for election to the Board or to be appointed to fill any vacancies, and submit recommendations to the Board for its consideration and decision, and to recommend candidates to sit on the Board for appointment by the Shareholders;
- d) make recommendations relative to the composition of various Committees of the Board;
- e) review annually the term expiry or maximum tenure date for directors;
- f) maintain a list of candidates for Board membership;
- g) ensure that new Directors have completed onboarding and orientation processes conducted individually by the Board Chair (or GEC Chair) for the review of Board policies, structure and governance and by the Senior Leadership Team for the review of operational functions and activities;
- h) Review orientation program and checklist for new Directors every three years; or if there is a material change within the company;
- i) review annually the independence of outside directors and report to the Board

on its assessment;

- j) review periodically the overall succession planning for the Chair of the Board and, when appropriate, recommend to the Board the process for appointing the Chair of the Board. In the event that the Chair of the Board position becomes vacant, the Vice-Chair of the Board will be appointed Acting Chair until a permanent Chair is determined;
- k) review the Chair's performance and where appropriate make a recommendation to the Board with respect to renewal of the Chair's term prior to the expiry of the first three-year term;
- l) recommend and bring forward to the Board from time to time, a list of corporate governance issues for review, discussion or action by the Board or a committee thereof;
- m) annually assess the effectiveness of the Board and Board Committees, taking into consideration the responses given on any written questionnaire, one on one interviews or other evaluations dealing with the effectiveness of the operation of the Board and its committees;
- n) review, at least annually, the roles and responsibilities of the Chair of the Board and at the request of the HRC, provide input with respect to the role and responsibility of the CEO;
- o) review, at least annually, the roles and responsibilities of the Committee Chairs;
- p) every 3 years review the Company's corporate governance practices against appropriate standards, and monitor emerging best practices, recommending to the Board any desired changes to the Company's practices;
- q) ensure the Company's governance practices are disclosed in accordance with appropriate standards and take all reasonable steps to provide that governance documents, specifically mandates and position descriptions, are made available to the Shareholders upon request and published on the Company's website;
- r) annually review the Board budget;
- s) review annually any Board Policies that have been assigned to the Committee, with a view to ensuring that appropriate controls exist and recommending any changes to the Board for approval. Ensure that all Board Governing Policies are reviewed at least every three years by the Committee or another committee of the Board;
- t) from time to time, or as needed, review the Unanimous Shareholder Agreement and the Company's by-laws, and recommend for Board approval any suggested amendments;
- u) ensure that Management controls are in place for appropriate spending on sponsorship, donations, and political contributions;
- v) review that the Company's Code of Conduct Policy is communicated to employees and review the awareness and usage of the Company's whistleblower line;

- w) review at least annually, the Company's ESG Scorecard and determine appropriate measures.

## 2. Environment Matters

The GEC shall:

- (a) review and evaluate with management the existing environmental practices and procedures of the Company and its subsidiaries for compliance with applicable laws, conformity with industry standards, and prevention or mitigation of losses;
- (b) review the effectiveness of the response by the Company or its subsidiaries, as the case may be, to environment issues, including the compliance with statutory and regulatory requirements;
- (c) review and consider reports and recommendations issued by the Company and its subsidiaries or by an external party relating to the environment issues, together with management's response thereto;
- (d) review with management and make recommendations to the Board as appropriate on the environment policies of the Company, compliance initiatives and any other matters relating to environment it considers relevant;
- (e) review with management public policy proposals or regulations relating to environment and discuss with management the potential impact and application of such policies on the Company;
- (f) review with the senior environment member(s) of management all environmental matters that may have a material impact on the business or financial results of the Company and obtain a plan of action for addressing these matters and report to the Board thereon.

## 3. Power of the Committee

- (a) The Company's goal and intention is to comply with the laws, rules and regulations by which it is governed. In fact, the Company strives to comply not only with requirements of the law but also with recognized compliance practices and ethical standards. The GEC shall ensure that the Governance and Environmental practices and procedures comply with the same.
- (b) The GEC may, at the request of the Board or on its own initiative, investigate such other matters as it considers necessary or appropriate in the circumstances.

4. Report to the Board

The GEC shall:

- (a) Act in an advisory capacity reporting to the Board on matters reviewed and make recommendations for approval as appropriate.

5. Review of Charter and Evaluation of the GEC

The GEC shall evaluate its performance and review and assess the adequacy of its Charter annually or otherwise, as it deems appropriate, and propose changes to the Board for approval.