

BRD-GC-03 - Board Remuneration and Expense Reimbursement

Purpose

This Policy outlines the compensation payable to members of the Board of Directors of Tarion Warranty Corporation (“Tarion”), and reimbursement of expenses incurred in the discharge of their duties. This Policy also sets out compensation for non-Directors appointed by the Board of Directors to participate in special committees, task forces and advisory councils.

Introduction

Directors are expected to exercise due care and be reasonable, prudent and economical in their conduct of Tarion business. For the purposes of this Policy, “Tarion business” generally includes:

- a. Tarion Board of Directors’ Meetings;
- b. A Standing Committee of the Board, Task Force or Advisory Council Meetings;
- c. Tarion Annual or Semi-Annual Public Meetings;
- d. Tarion Strategic Planning Meetings;
- e. Special meetings called by the Chair of the Board or one of its committees within the Board structure of Tarion;
- f. Functions attended by a Director at the request of the Board Chair;
- g. Attendance by the Chair of the Board or their designate at industry conferences;
- h. Attendance by the Chair of the Board or their designate at a meeting of the Canadian Home Warranty Council;
- i. Attendance of the Chair of the Board or their designate at the International Home Warranty Conference.

Annual Retainer

Subject to periodic review and changes, the following annual retainers have been established for various roles fulfilled by Directors serving on Tarion's Board:

Board Chair	\$55,000
Director	\$17,500
Chair – Standing Committees	\$ 8,000
Chair – Advisory Councils/Task Force	\$ 4,000

This retainer is established to compensate individuals for extra time and effort involved in fulfilling the specific roles and includes compensation for matters that fall outside the per diems (set out below), such as:

1. Attendance/participation in conference call meetings of the Board or other designated committees/task forces of less than 30 minutes;
2. Telephone calls other than those made while away on Tarion business;
3. Any Tarion travel (excluding mileage) under one hour;
4. Preparation for Board/Committee/Task Force/Council meetings, e.g., time spent reviewing meeting materials and information.

Annual Retainers will be paid on the 15th day of the month and the last day of each month, subject to any CRA stipulated deductions.

Other Remuneration

Board and Committee Meetings (In-Person or Virtual)

Directors

In addition to the Annual Retainer, Directors are compensated for in-person and virtual meetings by way of a flat per diem meeting fee for attending each Board, Standing Committee, Council meetings and/or Special Task Force (as created and approved by the Board) meeting.

Meeting fees will be paid on the 15th day or the last day of each month, subject to any CRA stipulated deductions.

The following are the current applicable per diem amounts:

- Board of Directors Meetings (*longer than 1/2 hour*) - \$800.00 per meeting
- Standing Committees of the Board - \$800.00
- Advisory Council Meetings/Sub-Committees/Task Force Meetings - \$800.00 per meeting
- Travel Per Diem – a half-day travel per diem will be paid to Directors who travel two hours or more to attend a meeting

In the case of the Board Chair, attendance at meetings of an official nature and annual meetings of other regulatory authorities where an invitation has been received will also be eligible for a per diem.

Adhoc Meetings or Special Meetings

When there is an Adhoc meeting (board or committees) or special meetings with management/external advisors, meetings with the Minister or Ministerial staff or similar stakeholder meetings in nature, Directors will receive a meeting fee in the amount of \$400 for a meeting one hour long. Meetings over one hour up to three hours in duration will be remunerated at the full meeting rate of \$800. No payments will be made for meetings under 30 minutes as these will be deemed as included in the director/chair retainers.

If a Board Committee or Task Force meeting is held on the same day as a Board of Directors meeting, Directors will be paid for both meetings.

Non-Directors

Non-Directors are individuals invited to assist the Board or its Standing Committees in dealing with matters requiring input from those with special know-how or with a specific skill-set. These individuals are compensated using the following per diem meeting fees:

- Consumer/Industry Advisory Council Meetings/Task Force Meetings - \$800.00 per meeting

Presentations

Per diems will be paid to Tarion Directors when they are specifically asked to attend to give a presentation on behalf of Tarion, this activity has prior approval by the Chair, and the Director is not attending the event as a participant.

Group Health Benefits

While on the Board, Directors are eligible to participate in a group health benefit program. Directors cannot be enrolled in two policies (e.g. a spousal or another policy) and the policy is not portable and will expire upon the Director leaving the Board.

Participation in the Plan is a taxable benefit and will be included as part of the Director's overall remuneration.

Expenses

Directors are expected to choose the most cost-effective method of travel that is appropriate for their circumstances. Each Director will be reimbursed for the following expenses in connection with travel required for Tarion business:

Transportation

a) *Air fare:*

Reimbursement for airfare will be based on full fare economy class for flights under four hours and business class for flights over four hours. Receipts are required. Where possible, Directors are encouraged to use the most economical airfare, (e.g., seat sales if available). Boarding passes are required to be submitted where possible when filing for reimbursement. If boarding passes are not available as proof of flight taken, other supporting evidence can be used to support the incurrence of the expenses (i.e: meeting attendance reports). In the event of a flight change fee, directors should provide the reason for such change.

b) *Car rental:*

Rental cars will be reimbursed for business use only, and only to the equivalent of estimated taxi fares. Directors will choose a regular compact size car unless a business situation dictates the need for a larger car for four or more travellers and excess equipment. Tarion has established a corporate rate agreement with Enterprise Rent-A- Car. Insurance coverage is reimbursable, but in the case of an accident, the deductible would be reimbursable if the Director is not at fault. Receipts are required for parking expenses.

c) *Use of personal automobile:*

Use of personal automobiles will be reimbursed at 90% of the Treasury Board rate adopted by Tarion. Mileage can be claimed in lieu of airfare but cannot exceed

airfare and reasonable related ground transportation expenses, such as taxi and airport parking. Receipts are required for parking expenses. Directors are required to provide the Corporate Secretary with the from/to addresses so that the mileage claim can be recorded by the Corporate Secretary in the Concur System.

Toll road charges are reimbursable.

Hotel Accommodation

The Corporate Secretary will arrange hotel accommodation for all Board functions to obtain the best possible rate. Directors will be required to have incidental charges (i.e. movies/gift shop/alcohol) billed directly to their individual credit cards. Directors should submit any additional out-of-pocket expenses to the Corporate Secretary for reimbursement.

Meals

Each Director will be reimbursed for the cost of their meals incurred as a result of their responsibilities as a Director. Alcohol purchased with meals will be the responsibility of the Director and will not be reimbursed by Tarion. Directors are expected to submit a receipt for all expenses; however, reimbursement for items that are below \$25 may still be approved if such documentation is missing. In such cases, Directors must include a comment explaining the absence of the receipt. A receipt must be included for items that exceed \$25.

Limits for meals will be \$20 for breakfast, \$35 for lunch and \$45 for dinner before taxes and gratuities. Gratuities should range between 15-20% of the pre-tax amount of the bill.

Alcoholic Beverages

Alcohol purchased with meals will be the responsibility of the Director and will not be reimbursed by Tarion.

Staying out of town with friends or family

If a Director chooses to stay with friends or relatives instead of a hotel, they can be reimbursed for a reasonably priced gift or meal. The recommended price range for a host/hostess gift would be \$50-75 per day of stay.

In lieu of a gift, a Director may take his/her host or hostess out for a meal, provided the cost is within Tarion's meal expense limits. Meals of this nature should be fully explained and reported. Depending on the length of stay, more than one meal may be submitted for reimbursement.

Telephone

Each Director will be reimbursed for reasonable long-distance calls to his/her home or business while on Tarion business.

Business Development

With the Chair's prior approval, Directors will be reimbursed for entertainment expenses incurred in the course of Tarion business. Such claims must be supported by receipts on which are listed the names of guests and the circumstances which explain the need for the expenditure.

Education, Training & Development & Professional Association Memberships

Tarion is committed to assisting Directors in their education, training and development and maintaining their professional association memberships. During each 3-year term as a Tarion Director, each Director will be allowed up to \$10,000 plus HST for Director education, training and development and professional association memberships. Courses/programs will be approved at the discretion of the Board Chair, taking into consideration the Director's individual development plan. "Professional Association" means an organization, which is self-regulating and may accredit members to practice their profession and to use the appropriate professional designation.

Directors will not be paid per diems while attending these events but will be reimbursed for related expenses within Tarion's limits.

Directors will be required to pay for the training or membership and submit their receipt along with a copy of the credit card statement to the Corporate Secretary who will process the claim for reimbursement.

Conferences

The Board Chair, or their designate, may attend industry conferences on an annual basis and the tri-annual International Home Warranty Conference ("IHW"), at their discretion.

If the Chair approves the attendance of other Directors at industry conferences/meetings, the attending Director(s) will not be paid a per diem but will be reimbursed for expenses related to the attendance within Tarion's limits.

With the Chair's prior approval, Directors may attend conferences, seminars or events held by recognized institutions in Canada or the USA related to corporate governance, their assigned committee work or enhancement of their skills. The cost of the conference, seminar or event will be applied towards the Director's training and development allowance during their 3-year term.

Travel costs (i.e. flight) for a spouse/partner accompanying a Director will not be reimbursed by Tarion. Reimbursable costs to register a spouse for external conferences with a spousal companion agenda will be subject to the following guidelines:

- Limited to the Board Chair and the Vice Chair;
- Cannot exceed two times per year for each of the Chair and the Vice Chair;
- Each event cost for spousal attendance must be reasonable (around \$700-\$1000);
- Spousal expenses incurred that are not covered by the cost of the spousal registration fee are considered personal expenses and are not subject to reimbursement; and
- Spouse travel and meal costs are considered personal expenses and are not subject to reimbursement.

Information Technology Hardware and Software

Directors are required to have a personal computer/tablet and access to the Internet to carry out the requirements of being a member of Tarion's Board of Directors. Tarion will provide Directors with a device that will allow them to meet these requirements. The device will be provided by Tarion's IS Department and will comply with the established standards and security measures for the required hardware and software.

Directors will be required to purchase an annual subscription to Microsoft Office 365, for which they will be reimbursed.

When leaving the Board, Directors are entitled to retain the Tarion supplied tablet for their personal use, subject to the device being cleaned of all Tarion related documents by Tarion's IS department.

Miscellaneous

If travelling for Tarion business for five consecutive days or more, Directors will be reimbursed for other travel-related expenses within reasonable limits such as:

- Laundry;
- Dry cleaning; and
- Hotel services – shirt/blouse pressing, suit steaming, etc.

Itemized receipts are required.

Receipts

Receipts are required for all expenses when available regardless of the amount. However, there may be times when it is not possible or appropriate to obtain a receipt. In such cases, Directors should indicate on their claim the amount being claimed and a brief explanation as to why a receipt was not submitted. Receipts for meals are required when totalling \$25.00 or more.

Where the receipt includes guests, Directors must list the parties on the back of the receipt.

Gratuities

Tips for waiters, porters, bell staff, housekeepers and coat checkers are reimbursable as long as the amount is reasonable. Gratuity guidelines are as follows:

Restaurant (pre-tax amount)	15-20%
Taxi	15-20%
Bellman or skycap	\$2 per bag
Housekeeper	\$2 per day
Valet parking	\$2 - \$5

Ineligible Travel Expenses

The following items may not be claimed as part of travel expenses:

- Additional flight/baggage insurance
- Airline Club Membership
- Airline Upgrade Certificates
- Air tickets purchased via unapproved vendors
- Airline "early boarding" fees
- Alcohol
- Barber shop or hair salon charges
- Calls from air or rail phones except in an emergency
- Cancellation penalty for unapproved spouse/family travel
- Cannabis
- Cell phone equipment (personal related)
- Child care
- Cigarettes

- Clothing, except as permitted when luggage is lost
- Club dues (e.g., golf, health, social, etc.)
- Frequent flyer program fees
- Kennel fees or pet care
- Driver's licence or automobile registration fees
- Lost value or time for personal club memberships while you are travelling
- Luggage
- Mini bar alcoholic beverages
- Movies - local theatre, in-flight or hotel
- Non business-related magazines and books
- "No show" charges for hotel rooms and ground transportation
- Personal toiletries
- Snacks
- Shoe shines
- Spa services (massage, manicure, etc.)
- Traffic and parking violations
- Travel card delinquency fees
- Traveller's insurance (medical, life)

Frequent Flyer Programs, Air Miles or other Reward Cards

Tarion does not control the awards earned and accumulated by a Director through frequent flyer or other promotional programs used in the course of paying expenses. The consolidation of transactions through Tarion preferred vendor arrangements takes precedence over such loyalty programs if the costs or administrative burden to Tarion would be lower if such loyalty programs were by-passed.

Indirect Compensation

Insurance Coverage

Directors are covered by Tarion's Directors & Officers liability insurance coverage in an aggregate amount of \$20 million annually, with a nil deductible for crisis management events and a \$50,000 deductible for all other claims. The deductible is paid by Tarion.

Spouses/Companions

A Director's spouse/companion may accompany them to any of Tarion's meetings and annual planning session. Travel costs (i.e. flight) for a spouse/companion accompanying a Director on business travel), are considered to be a personal expense of the Director and will not be reimbursed by Tarion. With the exception of group meals, expenses for the spouse/companion will be the responsibility of the Director. Any charges incurred on the master bill will be deducted from the Director's meeting per diem or reimbursed by the Director to Tarion.

Tarion will not organize any formal spousal/companion program. Spouses/companions are encouraged to organize their own event and assistance, if necessary, will be provided by the Corporate Secretary.

Director Recognition

When a Director is departing or retiring, they will receive a crystal cube recognizing their years of service on Tarion's Board as well as a departing gift purchased within a range of \$500 - \$1000.00 (*calculated at \$100 per year of service – minimum \$500, maximum \$1,000*)* and presented at the Board recognition dinner held in April of each year. Should a Director leave the Board prior to the end of their term, recognition of their service will be made in conjunction with the Directors' last Board or Committee meeting.

In the case of the Board Chair, the Governance, Regulatory Affairs & Nominations Committee will determine the appropriate form of recognition given the Chair's tenure in the role and on the Board.

**** With the exception of a non-cash gift under \$500, any gift is deemed taxable (including a donation to a charity in the name of the Director), and a T4 will be issued.***

Submission for Payment of Claims

Director expense claims are to be submitted to Tarion's Corporate Secretary for review and payment. The Corporate Secretary will review each claim in accordance with the policy. Should there be any items of expense not covered by the policy, the Director will be advised, and the expense claim adjusted. Claims that may be considered extraordinary will be taken into consideration. Should this extraordinary item fall outside of the parameters set in this Policy, the Corporate Secretary will refer these items to the Chair of the Audit & Risk

Committee for adjudication. Any items submitted by the Chair of the Audit & Risk Committee shall be referred to the Chair of the Board.

The Chair of the Audit & Risk Committee will conduct a quarterly audit of Director's Expense Claims including those of the President & CEO and will provide a report to the Board.

Compensation Review

The Board of Directors will engage a third-party consultant to review compensation levels. This review will be conducted triennially.

Policy Review

This policy is reviewed annually. The review of the Board's expense budget is also reported annually to the Board.