

## Human Resources & Compensation Committee Terms of Reference

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### Purpose

The Human Resources & Compensation Committee is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities regarding human resources and compensation on behalf of Tarion. The Committee oversees the implementation of human resources decisions of the Board and ensures the adequacy and effectiveness of the systems implemented to ensure compliance with all human resources legislation, policies and procedures. Additionally, the Committee leads the evaluation and compensation process for the CEO.

### Committee Mandate

The Committee is mandated to:

1. Ensure the adequacy of Tarion's HR plan including compensation policies and practices and that it is aligned with Tarion's business strategies and that performance is suitably linked to performance.
2. Review and make recommendations to the Board with respect to:
  - a. HR Performance framework and Key Performance Indicators specifically assigned to the committee that derive from the Strategic and Business Plan
  - b. Compensation plan to be reflected in the annual budget
  - c. Performance compensation plan or programs
  - d. Corporate succession planning including leadership talent review – consult with the CEO on succession plans for executive management positions, as well as the second and third line of the organization chart.
  - e. CEO Emergency succession planning; permanent CEO succession planning and overall talent management
  - f. Human Resources Update – quarterly/annually/as relevant
    - i. Staff turnover
    - ii. Employee culture survey
    - iii. Organizational structure – review and discuss organizational structure changes, prior to implementation
    - iv. Human resource development and training
    - v. Review bi-annual employee engagement survey
  - g. Identified corporate risks assigned to the committee
  - h. Any other human resource or compensation matters the committee considers appropriate or as may be referred to it by the Board or the CEO.
  - i. Receive and review annually a report from Management on Tarion's compliance with the Employee Code of Conduct and any other compliance requirements applicable to the Committee. (e.g. Health and Safety).
  - j. Review and assess annually the adequacy of the Committee's Terms of Reference.
  - k. Company culture, including employee wellness updates, mental health, if or as applicable, and ethical business conduct.

**With respect to the CEO:**

3. Develop annually, in consultation with the CEO, the objectives for the CEO's performance, for approval by the Board. The objectives are to be consistent with Tarion's strategic plan and business plan and within Tarion's statement of values. Further the CEO evaluation elements are to align with the financial and operating objectives of Tarion and that there be annual objectives for the CEO.
4. Develop and recommend to the Board an annual evaluation process for the CEO, with the process to include input by directors, the CEO's direct reports and a self-evaluation by the CEO.
5. Ensure that the total compensation package for the CEO is appropriate within the industry.
6. Recommend the CEO's salary and benefits and bonus structure to the Board.
7. Provide to the Board results of the information gathered regarding performance of the CEO in accordance with the standards and objectives set by the Board.
8. Review and recommend to the Board the terms and conditions of any employment contract relating to the CEO.
9. Oversee the CEO position description with responsibilities and qualifications.
10. In collaboration with the CEO, develop the emergency succession plan, and permanent succession plan for the CEO.
11. Oversee the recruitment process that will be followed at the time when the CEO position needs to be filled.

**With respect to executive management positions:**

12. Understand the compensation plans, including bonuses and benefits, for the executive management personnel and review the key components relating to the annual incentive plan.
13. Understand the terms and conditions of employment contracts relating to the executive management personnel.
14. Review and approve the retirement and/or severance arrangements for departing members of the executive team.

**Committee Authority**

1. The Committee's authority will be such as is delegated to it by the Board of Directors.
2. The Committee is accountable to the Board of Directors and has the authority to consider and report on all matters of compensation and human resource policies and practices.

3. With the authorization of the Board, the Committee may engage outside experts to assist the Committee in carrying out its responsibilities provided that the terms and conditions of any such engagement will be subject to the approval of the Board of Directors.
4. Committee has the authority to recommend to the Board any matters delegated to it by the Board
5. The Committee Chair has the authority to speak to Directors who act out of self-interest, with distraction, but more importantly potential diversion of fiduciary duty and its effect on the Committee. If a Director cannot refrain from pursuing self-interest, the Committee Chair shall advise the Chair, GRAN Committee and the Board Chair.
6. The Committee Chair will remind Directors they are allowed four questions including follow-ups

### **Committee Composition**

1. The Committee will be composed of four members of the Board of Directors plus one of either the Board Chair or the Vice Chair for a total of five members.
2. The members of the Committee will be appointed annually by the Board of Directors.
3. The Chair and Vice Chair of the Committee will be appointed annually by the Board of Directors.
4. A quorum of the Committee will be 50% of its Members.
5. The Chief Executive Officer will be an ex-officio non-voting member of the Committee.
6. The Corporate Secretary and the Vice President & Chief Administration Officer will be the principal management resources to the Committee and the Corporate Secretary will be the Committee Secretary.
7. Any member of the Committee may be removed or replaced at any time by the Board of Directors. A committee member will cease to be a member of the Committee as soon as such member ceases to be a director.

### **Committee Administration**

1. The Committee will meet four times per year but may call additional meetings as required, at the call of the Committee Chair or the Chair of the Board of Directors.
2. A meeting agenda will be prepared and provided to members in advance of each Committee meeting, along with appropriate briefing materials.
3. Minutes will be taken for each Committee meeting, and these minutes will record all decisions and recommendations made at meetings of the Committee, and a copy of the minutes will be provided to the Board of Directors.
4. The Committee Chair will report to the Board on any meetings of the Committee held between Board meetings. The Chair may provide an oral report to the Board on matters not

yet minuted and may elect to report on in-camera matters during in-camera meetings of the Board.

5. Committee members will treat all discussions and resolutions of the Committee in the strictest confidence and will not disclose any information relating to the materials provided, or any matter tabled or any resolution passed at a meeting to any person until the release of such information is authorized by the Board of Directors.
6. Every director may review any materials considered by the Committee in its deliberations.
7. Where a Committee member believes that he or she may be involved in a potential conflict of interest regarding a matter that is under consideration by the Committee, then that member will declare the possibility of a conflict and, if it is determined by the Committee that a conflict does exist, such member will leave the meeting for the duration of the discussion on the issue, or, with the approval of the Chair, remain in the meeting but refrain from participating in the discussion related thereto, and will not vote on any decision or resolution arising therefrom
8. The Annual Report will include a report on the number of meetings of the Committee and the individual Director's attendance.
9. An In-camera session will be held at each meeting at the discretion of the Chair.

#### **MONITORING METHODOLOGY**

Committee Review:	01/17/11; 09/19/12; 04/11/13; 04/09/14; 09/23/14; 09/24/15; 04/12/16; 04/10/17; 09/08/18; 09/19/19; 06/01/20; 04/08/21
Governance Committee Review:	04/05/11; 09/20/12; 04/04/13; 04/01/14; 04/01/15; 04/06/16; 04/06/17; 04/05/18; 04/04/19; 04/09/20; 04/01/21
Board of Directors Approval:	04/21/11; 10/04/12; 04/25/13; 04/16/14; 04/16/15; 04/21/16; 04/26/17; 04/19/18; 04/25/19; 06/10/20; 04/22/21

## Human Resources & Compensation Committee 2021 Annual Work Plan

<b>February Meeting</b>		
	<b>Item</b>	<b>Status</b>
1	Review and Recommend CEO Objectives for the coming year	
2	Review and Recommend Proposed Incentive Program	
3	Review of HR Plan & Strategies to take in account Tarion’s corporate objectives	
4	CSR Plan – 2020 Actuals	
5	2021 HR Business Plan	
6	Review of Annual Human Resources Update (including report on staff turnover)	
7	Review of Salary Recommendations for CLT	
8	Review and recommend incentive payout for non-executive employees	
10	CEO Performance Evaluation – Proposed Steps	
11	Review of CLT Incentive Compensation	
12	Review Board of Directors Compensation Review	
13	CEO Succession Plan Update	
14	Recurring items*	
<b>April Meeting</b>		
1	CEO Evaluation – Review results	
2	Review and Recommend CEO Compensation	
3	Review of CEO and Executive Succession Plan & Emergency Contingency Management Plan	
4	HR Update	
5	2021 Corporate Social Responsibility Plan	
6	COVID 19 Update & Return to Office	
7	Review CLT Compensation	
8	Review Board Evaluation Results	
9	Terms of Reference Review	
10	CEO Succession Plan & Talent Development Update	
11	Review of Executive Benefits	
12	Recurring items*	
<b>September Meeting</b>		
1	HR Plan and Strategies – semi-annual review	
2	CEO Evaluation Framework – semi-annual review	
3	Annual Policy & Compliance Review	
4	Terms of Reference Annual Review	
5	Review of Employee Benefits	
6	Executive Compensation Update (2021 review)	
7	Annual Policy Review <ul style="list-style-type: none"> <li>• BRD-HRC-01 – CEO Emergency Succession Planning</li> <li>• BRD-HRC-02 – CEO Performance Appraisal</li> <li>• BRD-HRC-03 – CEO Succession Planning</li> </ul>	
8	CEO Emergency Succession Contingency Plan Update	
9	RFP for CEO Evaluation Consultant	
10	Recurring items*	
<b>October Meeting (joint with Audit Committee)</b>		
1	Review of KPIs for upcoming year	
2	Review of salary budget proposal for upcoming year	
<b>November Meeting</b>		
1	Competitive Compensation Review (every 2 <sup>nd</sup> year – scheduled for 2021)	
2	Board of Directors Compensation Review (every 2 <sup>nd</sup> year – scheduled for 2023)	
3	Selection of CEO Evaluation Consultant	
4	CEO Evaluation – preparation for year end assessment	
5	Recurring items*	
<b>*Recurring items</b>		

1	Consideration of any HR & Compensation issues to be brought to the Committee	
2	Review of any proposed material changes to the organization structure if required	
3	Policy review, if required	
5	Human Resources Update & Committee Oversight Responsibilities	
6	Review of Committee Work Plan	
7	Review and Recommend Pension Plan Amendments	
8	RFP for Executive Compensation Consultant (every 5 years) next review 2025	