

Governance & Human Resources Committee Terms of Reference

1. General Purpose

The purpose of the Governance and Human Resources Committee is to assist the Board of the Corporation in:

- Developing and implementing the Corporation's governance guidelines
- Identifying and recommending to the Board individuals qualified to become directors
- Identifying and recommending to the board individuals qualified to become Chief Executive Officer (*CEO)
- Recommending to the Board individuals qualified to become officers based upon recommendations of the CEO
- Recommending the composition of the Board and its Committees
- Developing and overseeing the process to assess the effectiveness of the Board Chair, the Board, the Board Committees, Chairs of Committees, and individual directors, and
- Overseeing the Corporation's policies concerning business conduct, ethics and other matters
- Assisting the Board in ensuring that the organization has appropriate human resources plans, strategies and policies in place, consistent with good practices and business requirements

2. Specific Roles and Responsibilities*

(Adapted in part from *Crown Agency Human Resources Committees, A Good Practices Checklist*, British Columbia Crown Agencies Secretariat - Board Resourcing and Development Office)

The Governance and Human Resources Committee shall perform the functions customarily performed by Governance and Human Resources Committees and any other functions assigned by the Board. Specifically, the Governance and Human Resources Committee shall have the following duties and responsibilities:

(a) Governance

(i) Report to the Board at least annually on matters of Governance, including standards of performance for directors, the size of the Board, the structure, charter and composition of the Board Committees

(ii) Develop and recommend to the Board, a Board of directors' Charter, as well as the disclosure of the Corporation's governance guidelines and principles, in accordance with all applicable laws and regulations. The Governance and Human Resources Committee will review such guidelines and principles periodically but not less than annually, and recommend changes as deemed necessary

(iii) Develop and recommend to the Board policies regarding the following:

(i) General responsibilities and functions of the Board and its members

(ii) The organization and responsibilities of Board Committees, including Committee Charters, and

(iii) The operations and procedures for Board meetings.

(b) Directors

(i) Identify, consider and recommend for approval by the Board, candidates qualified to become new directors and the nominees for election and/or appointment at the next annual meeting of shareholders

(ii) Develop and recommend to the Board, appropriate qualifications/criteria for the selection of Board members, including criteria for determining director independence, and

(iii) Assist in the orientation of newly elected or appointed directors, including and becoming acquainted with the Corporation's governance processes, and encourage continuing education opportunities for all members of the Board

(c) Officers

(i) Identify, consider and recommend for approval by the Board, a candidate for the position of CEO

(ii) Develop and recommend to the Board, appropriate qualifications/criteria for the selection of the CEO, and

(iii) Based upon recommendations of the CEO, consider and recommend for approval by the Board, candidates qualified to become officers of the Corporation

(d) Policies

(i) Review, report, and where appropriate, provide recommendations to the Board on the Corporation's Code of Business Conduct and other governance-related policies and guidelines, and recommend changes as deemed appropriate from time to time, and

(ii) Assist the Board as required, in interpreting and applying the Corporation's governance related policies and guidelines

(e) Evaluation of the Board and Committees

(i) Develop and oversee a process to allow each director to assess the effectiveness and performance of

1. The Board and the Chair
2. The Committees of the Board and their respective Chairs, and
3. Individual members of the Board, including themselves,

and review with the Board the results of such assessments.

(ii) Evaluate, review and report to the Board on the performance of the Governance and Human Resources Committee, and

(iii) Review and discuss, with each of the Committees of the Board the appropriateness of the Charter adopted by each such Committee, and as deemed appropriate, recommend changes to the Board

(iv) Report to the Board periodically on the Governance and Human Resources Committee's activities.

(f) Human Resources Oversight - Overview

(i) Ensures the organization's compensation, human resource and labour relations philosophies and strategies are in keeping with:

- The organization's mission, vision, values and key goals, and
- Legislative and government policy guidelines and requirements

(ii) Makes recommendations to the Board on all aspects of the employment of the Chief Executive Officer (CEO), including recruitment, remuneration, performance management, and succession planning

(iii) Makes recommendations to the Board on the extent to which the employment of other senior management/executive positions in the organization is to be delegated to the CEO, and provides oversight to the CEO for the delegated responsibilities

(iv) Ensures the bargaining strategy for unionized staff supports the organization's goals and philosophy and is consistent with any Government-approved mandate. Otherwise, employment matters related to unionized staff are typically delegated to the CEO/management

(g) Recruitment

(i) Recommends to the Board the process to be undertaken to recruit the CEO, including composition of the search committee

(ii) Through the Board Chair, liaises with the Minister regarding parameters of CEO employment terms

(iii) Reviews (and approves, depending on the extent of delegation to the CEO) the CEO's recommendations on the terms and conditions of employment and severance arrangements for senior management/executive positions. These arrangements must be in keeping with relevant legislative/policy limits.

(iv) Provides oversight to the CEO in his/her responsibility for hiring and setting the terms and conditions of employment for the rest of the Corporation's staff.

(h) Compensation

(i) Reviews and recommends to the Board the compensation philosophy and guidelines for the CEO and senior management, including: salary, incentive awards, perquisites, benefits and other remuneration

(ii) Ensures the compensation philosophy is in keeping with legislative/government guidelines [and links compensation to short-term and long-term performance, aligned with the Corporation's mandate]

(iii) Reviews and recommends to the Board the compensation plan/program for the Corporation

(iv) Reviews and recommends to the Board annual compensation for the CEO including: salary, incentive awards, perquisites, benefits and other remuneration

(v) Reviews (and approves, depending on the extent of delegation to the CEO) the CEO's recommendations regarding annual compensation for senior management, including salary, incentive awards, perquisites, benefits and other remuneration (subject to any legislative/government policy requirements)

(vi) Periodically appoints a third-party consultant to advise on the compensation program for the CEO and senior management

(vii) Stays informed of good practices in executive compensation issues relevant to the mandate of the Committee

(i) CEO Evaluation

(i) Reviews and recommends the CEO's annual goals and objectives to the Board

(ii) Recommends the CEO evaluation process to the Board

(iii) Leads and oversees the implementation of the CEO evaluation process

(j) Succession Planning

(i) Reviews and recommends to the Board a succession plan to deal with a planned or unplanned departure of the CEO

(ii) If there are no CEO succession candidates internal to the organization, consults with an external advisor regarding potential external candidates

(iii) Provides overall guidance, context and oversight to the CEO in his/her responsibility for succession planning for the organization

(iv) Annually reviews and verifies for completeness, succession and development plans for management prior to the CEO's discussion of those plans with the Board

(k) Organizational Structure

(i) Reviews any significant changes to organizational structure recommended by the CEO, and makes recommendations on these changes to the Board

(l) Human Resources Policies

(i) Periodically reviews the organization's significant human resources policies for consistency with the organization's mission, vision, values, goals and needs, and recommends amendments, additions or deletions as appropriate to the Board

(ii) Reviews the results of any surveys to measure employee engagement, and confirms appropriate follow-up is taken by management

(iii) Stays informed of best practices in human resources issues as relevant to the mandate of the Committee

(m) Disclosure

(i) Ensures the organization's public disclosure requirements related to human resources, including public disclosure of executive compensation, are met

(n) Risk Oversight

(i) Monitor the organization's risk environment pertaining to effective governance, organizational leadership and human resources, disclosure compliance and stakeholder relationships.

3. Committee Composition

The Committee shall have a minimum of three members who are independent of management and have no direct or indirect material relationship with the Corporation. The Board may determine the number of directors from time to time by resolution. The majority of members are familiar with good practices in human resources, including executive compensation, human resources planning, labour relations, recruitment and evaluation.

The Chair of the Committee is not the Board Chair. The Board Chair is a full voting member of the Committee.

4. Outside Advisors

Subject to the prior approval of the Board, the Committee may engage outside counsel and independent consultants as it deems appropriate to assist the Committee in the performance of its functions. The Corporation shall provide appropriate funding for such advisors.

5. Governance and Human Resources Committee Chair

The Board shall appoint the Chair of the Governance and Human Resources Committee. The Chair leads the Committee in all aspects of its work and is responsible for effectively managing the affairs of the Committee and ensuring that it is properly organized and that it functions efficiently. Specifically, the Chair of the Governance and Human Resources Committee shall:

- Provide leadership to enable the Committee to act effectively in carrying out its duties and responsibilities as described elsewhere in this Charter and otherwise as may be appropriate
- In consultation with the Board Chair and the CEO, ensure that there is an effective relationship between management and members of the Committee
- Chairs meetings of the Committee
- In consultation with the CEO, the Secretary and the Board Chair, determine the frequency, dates and locations of meetings of the Committee
- In consultation with the CEO, the Secretary and, as required, other senior management, review the meeting agendas to ensure that all required business

is brought before the Committee to enable it to effectively carry out its duties and responsibilities

- Ensure, in consultation with the Board Chair, that all items requiring the Committee's approval are appropriately tabled
- Ensure the proper flow of information to the Committee and review, with the CEO, the Secretary and, as required, other senior management, the adequacy and timing of materials in support of management's proposals
- Report to the Board on any matter reviewed by, and on any decisions or recommendations of, the Committee at the next meeting of the Board following any meeting of the Committee, and
- Carry out any special assignments or any functions as requested by the Board

6. Term

The members of the Governance and Human Resources Committee shall be appointed or changed by resolution of the Board to hold office from the time of their appointment until the earlier of the expiry of their term or until their successors are so appointed.

7. Procedures for Meetings

The Committee shall fix its own procedure at meetings and for the calling of meetings.

8. Quorum and Voting

Unless otherwise determined from time to time by resolution of the Board, a majority of members of the Committee shall constitute a quorum for the transaction of business at a meeting. For any meeting or meetings at which the Committee Chair is absent, the Chair of the meeting shall be chosen from the members present. At a meeting, any questions shall be decided by a majority of the votes cast by Committee members, except where only two members are present, in which case any questions shall be decided unanimously.

9. Secretary

Unless otherwise determined by resolution of the Committee, the Secretary to the Board shall be the Secretary of the Committee.

10. Vacancies

Vacancies on the Committee at any time occurring shall be filled by resolution of the Board.

11. Records

The Committee shall keep such records as it may deem necessary of its proceedings and shall report regularly its activities and recommendations to the Board as appropriate.

12. Definitions

Defined terms utilized herein shall have the meaning ascribed thereto in the by-laws of the Corporation.