

**TERMS OF REFERENCE FOR THE HUMAN RESOURCES AND
GOVERNANCE COMMITTEE**

I. PURPOSE

The purpose of the Human Resources and Governance Committee (the “Committee”) is to:

- (i) Assist the Board in fulfilling its obligations relating to human resources and compensation matters and to establish a plan of continuity and development of senior management.
- (ii) Provide a focus on governance that will enhance CPC’s performance.
- (iii) Assess and make recommendations regarding Board effectiveness and establish and lead the process for developing potential director criteria and candidates for recommendation to the Government.

II. COMPOSITION AND OPERATIONS

- A.** The Committee shall be composed of not fewer than three directors and not more than four directors, one of whom shall be designated Committee Chair.
- B.** The Committee shall meet at least two times each year in connection with Human Resources matters and four times each year in connection with Governance matters.
- C.** The Secretary to the Committee shall be the Corporate Secretary or his/her delegate.
- D.** The Committee Chair is responsible for the following:
 - (i) preparation of the agenda for Committee meetings;
 - (ii) providing direction to management on behalf of the Committee, by implementing the directions provided by the Committee in its Actions, Resolutions and other decisions generated by the Committee;
 - (iii) transmitting to the Board materials generated by the Committee, including Committee minutes ; and
 - (iv) reporting to the Board on the activities and decisions of the Committee.

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III. DUTIES AND RESPONSIBILITIES

HUMAN RESOURCES

Subject to the powers and duties of the Board, the Committee will:

- A.** Ensure recruitment of a new CEO conforms with Public Sector Employer's Council (PSEC) policies.
- B.** Recommend a performance evaluation process for the Chief Executive Officer (the "CEO") and, when approved, ensure the process is implemented.
- C.** Monitor the CEO's performance and report to the Board.
- D.** Review and recommend the CEO's compensation, prerequisites, including incentives, bonuses, benefits, and retirement plans, to the Board for approval.
- E.** Review with the CEO any significant outside commitments the CEO is considering before the commitment is made. This includes commitments to act as a director or trustee of for-profit and not-for-profit organizations.
- F.** Review and recommend the Corporation's compensation philosophy, strategy, and guidelines. Approve compensation plan amendments for periodic review by PSEC.
- G.** Review significant PSEC and Crown Corporation Employer's Association guidelines and recommendations.
- H.** Ensure that the organization has appropriate human resources policies and compensation policies that satisfy PSEC.
- I.** In consultation with the CEO, review and recommend the appointment of and compensation, including prerequisites, incentive, bonus, benefit and retirement plans, for the senior management team.
- J.** Review with the CEO existing senior management resources, and performance evaluations, including recruitment and training programs, to ensure that compensation is linked to performance, and that qualified management will be available for succession to executive positions at CPC. Report on this matter to the Board at least once each year.
- K.** Review and make recommendations to the Board respecting the administration of CPC's supplemental pension plan.

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- L.** Review major changes in the organizational structure of management as proposed by the CEO.
- M.** Review CPC's annual organizational health report.
- N.** Other human resources issues delegated to the Committee by the Board.
- O.** Annually review and recommend changes to the Committee's terms of reference.
- P.** Retain the opportunity to undertake exit interviews with senior staff.

GOVERNANCE

Subject to the powers and duties of the Board, the Committee will perform the following duties:

- A.** Develop, and annually update, a long term plan for Board composition that takes into consideration the current strengths, skills and experience on the Board, retirement date and the strategic direction of the Corporation.
- B.** Develop recommendations regarding the essential and desired experiences and skills for potential directors, taking into consideration the Board's short-term needs and long-term succession plans.
- C.** In consultation with the Board Chair recommend to the Board for submission to the Government, criteria and potential candidates for consideration when appointing directors.
- D.** Review, monitor and make recommendations regarding the orientation and ongoing development of existing and new directors.
- E.** Review the directors' compensation program and make recommendations to the Board for subsequent recommendation to the Government as required.
- F.** Annually review the Board Manual outlining the policies and procedures by which the Board will operate and the terms of reference for the Board, the Board Chair, a Director, the CEO, and Board committees.
- G.** Assess the needs of the Board in terms of the frequency and location of Board and Committee meetings, meeting agendas, discussion papers, reports and information, and the conduct of meetings and make recommendations to the Board as required.
- H.** Recommend to the Board and annually implement an appropriate evaluation process for the Board as a whole, the Board Chair, its committees and individual directors.

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- I.** Ensure there is a system that enables a committee or director to engage separate independent counsel in appropriate circumstances, at CPC's expense, and be responsible for the ongoing administration of such a system.
- J.** Review annually with management the steps taken by the Corporation to ensure the Corporation is engaging in a socially responsible approach to business practices and report to the Board on this matter at least once per year.
- K.** Recommend to the Board any reports on corporate governance that may be required or considered advisable.
- L.** At the request of the Board Chair or the Board, undertake such other corporate governance initiatives as may be necessary or desirable to contribute to the success of the Corporation.
- M.** Annually review directors' conflict of interest statements.

IV. ACCOUNTABILITY

The Committee shall report its discussions to the Board by oral or written report at the next Board meeting.

V. COMMITTEE TIMETABLE

The timetable on the following pages outlines the Committee's schedule of activities during the year.

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HUMAN RESOURCES

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
									✓				
B&C	CEO Performance Evaluation												
D&E	CEO's Compensation Review	✓											
F,G,H	Compensation Philosophy, Strategy and Guidelines	✓											
I.	Executive Compensation	✓											
J.	Succession Plans, including:												
J.	i) Review Staff Resources Plan										✓		
J.	ii) Performance Evaluation										✓		
J.	iii) Review Staff Development and Training Programs										✓		
K.	Benefit and Pension Plan Review					✓							
M.	Review of Organizational Health Report					✓							
P.	Terms of Reference	✓											
Q	Retain the opportunity to undertake exit interviews with senior staff										✓		

