



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

Reviewed and Approved by the Governance and Human Resources Committee: May 25, 2022

Reviewed and Approved by the Board of Directors: May 26, 2022

1. OBJECTIVES

The Governance and Human Resources Committee shall be advisory to the Board and shall:

- 1.1 Provide leadership and recommendations to the Board in relation to governance and human resources processes, policies and principles of the Corporation;
- 1.2 Be responsible for, and report to the Board concerning the corporate governance processes of the Corporation;
- 1.3 Be responsible for, and report to the Board concerning the Corporations human resource, succession planning, and compensation policies;
- 1.4 Monitor compliance with existing policies respecting Community Giving guidelines;
- 1.5 Administer, monitor and enforce CIC's *Directors' Code of Conduct*;
- 1.6 Assist the Board in fulfilling its nomination responsibilities; and
- 1.7 Undertake other duties as directed by the Board from time to time to assist the Board in delivering exemplary governance and human resources practices.

2. CONSTITUTION

- 2.1 The Committee shall be comprised of a minimum of three (3) members of the Board, all independent Directors of the Corporation, pursuant to the standards for independence adopted by the Board;
- 2.2 At least one member of the Committee shall have expertise in corporate governance. In the event there is no member with expertise in corporate governance, upon adoption of the Committee's Terms of Reference, or upon appointment to the Committee, one of the Committee members shall undertake to develop corporate governance expertise. That Committee member shall be granted a transition period to develop corporate governance capabilities within a reasonable period of time after appointment, and shall report same to the Chair of the Committee;

- 2.3 At least one member of the Committee shall have expertise in human resources and compensation matters. In the event there is no member with expertise in human resources and compensation matters, upon adoption of the Committee's Terms of Reference or upon appointment to the Committee, one of the Committee members shall undertake to develop human resources and compensation expertise. That Committee member shall be granted a transition period to develop human resources and compensation capabilities within a reasonable period of time after appointment, and shall report same to the Chair of the Committee;
- 2.4 The Committee members shall be appointed by resolution of the Board. Each member shall continue as a member until a successor is appointed, unless the member resigns, or is removed by resolution of the Board or otherwise ceases to be a member of the Board;
- 2.5 Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board, and shall be filled by the Board if the membership of the Committee is less than three (3) members as a result of the vacancy;
- 2.6 The Board, or in the event of its failure to do so, the Committee, shall appoint a Chair from among the Committee members. If the Chair of the Committee is not present at any meeting of the Committee, the Chair of the meeting shall be chosen by the Committee from among the members present;
- 2.7 The Chair presiding at any meeting of the Committee shall have a vote in all matters considered by the Committee;
- 2.8 The Corporate Secretary to the Board of Directors shall be an employee of the Crown Investments Corporation (CIC). If the Corporate Secretary is not present at any meeting of the Board, the Board may appoint an acting Corporate Secretary to perform the functions of the Corporate Secretary at that meeting, who need not necessarily be an employee of the Crown Investments Corporation; and
- 2.9 The Committee shall assist with deliberations required for the fulfillment of the Board's mandate and those specific responsibilities and duties assigned to the Committee; however, unless specifically stated otherwise, the Committee shall act in an advisory capacity only, recommending decisions to the Board for approval.

3. DUTIES AND RESPONSIBILITIES

3.1 Governance:

The Committee shall have the following general duties and responsibilities with respect to governance of the Corporation:

- 3.1.1 Monitor the functioning of the Board and Committees of the Board, and recommend practices or processes to facilitate timely and complete information, effective meeting, independent functioning and decision-making at the Board and Committee levels;
- 3.1.2 Co-ordinate the formal evaluation process of the Board, Board Chair, Committees, Committee Chairs and Directors, and report results to the Board as required;
- 3.1.3 Review every two years or as required, the Terms of Reference of the Board, and recommend for approval to the Board any amendments;
- 3.1.4 Review every two years or as required the Terms of Reference for the Committees, and any amendments proposed by the Committees, and in concurrence with the Committees, recommend for approval any amendments to the Board;
- 3.1.5 Review and update every two years, or as required, the Skills Profile to capture changes that have occurred in the industry, the Corporation or Board composition. It is good practice to review and update the Skills Profile when new members are appointed and periodically if the board member composition has remained the same for more than a few years.
- 3.1.6 Review and recommend for approval of the Board, major public disclosures and shareholder communications on corporate governance, board profiles, Director qualifications, attendance, and CIC's *Directors' Code of Conduct* compliance;
- 3.1.7 Review and report to the Board on conflict of interest matters involving the President and Chief Executive Officer and senior executives, as necessary;
- 3.1.8 To act as the Ethics Advisor, as contemplated by the Crown Investments Corporation *Directors' Code of Conduct* (the "CIC Code"). As Ethics Advisor, the Committee shall:
 - (a) Administer and enforce the CIC Code;

- (b) Advise Directors on conflicts of interest, including actions for avoiding a conflict or potential conflict of interest;
- (c) Initiate an investigation of breaches of the CIC Code;
- (d) Determine appropriate remedial actions;
- (e) Provide clarity and direction to the Directors to assist in determining whether a conflict or perceived conflict of interest exists; and
- (f) Monitor and report as required to the Board concerning compliance with the CIC Code;

3.1.9 In regards to Board training, the Committee shall:

- (a) Review the Director orientation and continuing education policy and recommend to the Board any amendments; and
- (b) Review and ensure appropriate training and education is made available for Directors;

3.1.10 As required, to recommend to the Board changes to the Corporate Social Responsibility Framework.

3.1.11 In conjunction with the Chair of the Board and the President & Chief Executive Officer of the Corporation, review and respond to any relevant legislation, report, position paper, or other developments on the subject of corporate governance generally, and the duties and responsibilities of Directors in particular;

3.1.12 Review, monitor and report to the Board best practices, trends and emerging public policy issues related to corporate governance and nominations; and

3.1.13 Recommend policies and processes for effective communication with the corporation's shareholder, other stakeholders and the public.

3.2 Nomination:

The Committee shall have the following general duties and responsibilities with respect to nomination responsibilities for the Corporation:

- 3.2.1 Review and make recommendations to the Board regarding the composition of the Board and the Committees; and
- 3.2.2 Review and recommend to the Board for approval, the appropriate Committee structure.

3.3 Human Resources:

The Committee shall have the following duties, and responsibilities respecting human resources:

- 3.3.1 Semi-annually review and recommend, for approval to the Board, the succession management plan;
- 3.3.2 Review and make recommendations to the Board regarding human resources policies pertaining to compensation, benefits and terms and conditions of employment;
- 3.3.3 Review the CEO Position Profile as required, and recommend any amendments to the Board for approval;
- 3.3.4 Semi-annually review the Corporation's diversity initiatives and representative workforce report;
- 3.3.5 Annually review enforcement of and compliance with Corporate policies related to harassment and violence in the workplace; and
- 3.3.6 To review on a quarterly basis, a summary of litigation, including arbitration, pertaining to human resource matters.
- 3.3.7 In collaboration with the Board Chair, undertake the annual performance review of the President and CEO. The review will be based on agreed upon performance and development objectives, as updated each year.

3.4 Compensation:

The Committee shall have the following duties and responsibilities with respect to Compensation:

- 3.4.1 Review and recommend to the Board of Directors, any changes to the comprehensive statement of Compensation philosophy, strategy and principles for the Corporation;

3.4.2 Executive Compensation:

- i) Executive Officers shall mean: President and Chief Executive Officer, Vice President of Finance and Risk, Senior Vice President of Operations, Senior Vice President of Marketing & Business Planning, Vice President of Corporate Services;
- ii) Annually review and monitor the compensation and benefit programs and policies for Executive Officers and recommend changes or new programs, where appropriate to the Board;
- iii) Annually review the administration of benefits and compensation for Executive Officers to assess compliance with approved policies;
- iv) Annually review the total compensation paid to Executive Officers for the preceding year;
- v) Annually receive and review reports from the President & Chief Executive Officer on the performance targets and performance evaluation for Executive Officers;
- vi) Review the appointment, exits, transfers and promotions of Executive Officers and related severance packages as necessary;
- vii) Review and recommend to the Board, any changes recommended by the President and Chief Executive Officer to the compensation levels for Executive Officers, other than the President and Chief Executive Officer;
- viii) Review and recommend to the Board, where appropriate, any changes to the compensation levels for the President and Chief Executive Officer;

3.4.3 Out-of-Scope Compensation:

- i) Annually review and monitor management compensation and benefit programs and policies and recommend changes or new programs, where appropriate, to the Board;
- ii) Annually review the administration of all management benefit and compensation plans to assess compliance with approved policies;

3.4.4 In-Scope Compensation:

- i) Review and recommend to the Board collective bargaining mandates;
- ii) Review and recommend to the Board tentative settlements;

- iii) Annually review the administration of all in-scope compensation and benefit plans to assess compliance with approved policies;

3.4.5 Review annually any special compensation adjustments to employees that are outside of policy.

3.5 General Governance:

The Committee shall have the following general duties, functions and responsibilities to:

- 3.5.1 Adopt an Annual Agenda to ensure that duties and responsibilities listed in the Terms of Reference are scheduled to be achieved and review the status quarterly; and
- 3.5.2 Every three years, provide formal evaluation in writing on the performance of the Committee; and performance of the Committee Chair.

4. MEETINGS

- 4.1 The Committee shall meet a minimum of four (4) times a year, preferably quarterly;
- 4.2 A meeting of the Committee may be called by the Chair of the Committee, the Chair of the Board or President and Chief Executive Officer of the Corporation or by any two (2) members of the Committee;
- 4.3 A quorum for meetings shall be two (2) members of the Committee present or by telephone or other telecommunications device that permits all persons participating in the meeting to speak and hear one another;
- 4.4 Reasonable notice, preferably (7) days before the meeting, in writing, by e-mail or by telephone communication to each member of the Committee;
- 4.5 The Agenda and associated material shall be made available to each member of the Committee prior, preferably seven (7) days, to the time for such meeting;
- 4.6 A Director may in any manner waive a notice of meeting, and attendance of a Director at the meeting is a waiver of notice of the meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not properly called;

- 4.7 The Committee shall have the right to determine who shall and shall not be present at any part of the meetings of the Committee; and
- 4.8 The Committee shall hold an in-camera session at each meeting.

5. MINUTES AND REPORTING RESPONSIBILITIES

- 5.1 An outline of material proceedings and deliberations addressed by the Committee, and all recommendations, decisions and directives of the Committee shall be recorded by the Corporate Secretary in the minutes of the meeting;
- 5.2 Where practicable, a draft copy of the minutes of such meeting, approved by the Committee Chair, shall be circulated to the Committee prior to the next regular Committee meeting for approval by the Committee. A Committee member may request that the minutes be revised to include specific deliberations. Following approval of the minutes of the meeting by the Committee as a whole, if substantive revisions have been made to the draft minutes, the minutes approved by the Committee shall be re-circulated to the Committee;
- 5.3 Approved minutes shall be circulated to the Board prior to the next regular Board meeting; and
- 5.4 A report of the Committee meeting shall be made at the next regular meeting of the Board. Reports to the Board may be in verbal or written format by the Chair of the Committee, or any other member of the Committee designated by the Committee to make the report.

6. SUPPORT TO THE COMMITTEE

- 6.1 The Committee shall identify, through the Office of the Chief Executive Officer, or designate, the kind and frequency of additional information required by the Committee that is not specified in the Terms of Reference;
- 6.2 The Committee shall have access to any and all books and records of the Corporation required for the execution of the Committee's obligations and, as necessary, shall discuss with appropriate corporate officers and employees such records and other relevant matters; and
- 6.3 The Committee shall have the authority to retain external advisors, experts or consultants, in order to properly discharge its duties and responsibilities.

7. CONFIDENTIALITY

All deliberations of the Committee, and all records, material and information pertaining to the Corporation obtained by a member of the Committee shall be considered confidential. Committee members shall maintain the confidentiality of such deliberations, and shall safeguard such records, material and information from improper access beyond the conclusion of their Term.