

Ontario Securities Commission Human Resources and Compensation Committee Mandate

Establishment of Committee

The Commission has adopted the Charter of Governance: Roles and Responsibilities (the "Charter") to delineate its role and responsibilities and to ensure transparency in its governance structure. Members of the Commission, either directly or through Committees of the Board, are responsible for performing the duties set out in the Charter, and have established the Human Resources and Compensation Committee (the "Committee") to assist the Members in fulfilling their governance and regulatory responsibilities.

The Committee has been created by the Board of Directors of the Commission (the "Board") and is governed by the Charter in the conduct of its duties. The Committee's purpose is to assist the Board in fulfilling its oversight in relation to:

- (i) executive compensation policies, programs and executive pension plans;
- (ii) human resources policies and procedures; and
- (iii) ethical reporting policies and procedures.

Committee Governance

Membership

The Committee consists of three or more of the Part-Time Members of the Commission, all of whom are appointed by the Board. The Board makes its appointments of the members of the Committee at the first Board meeting immediately following March 31 of each year upon the recommendation of the Chair of the Commission and the Lead Director. No Member is expected to serve longer than five years, absent exceptional circumstances. The Board may appoint a Member to fill a vacancy occurring in the Committee within the year as may be required.

Appointment of Committee Chair and Secretary

The Chair of the Commission and the Lead Director recommend to the Board the nomination of one member of the Committee as Chair. The position of Chair is normally rotated every three years, but the term of any Chair may be extended by the Board for a term not exceeding five years in the aggregate.

The Secretary to the Commission acts as the Secretary of and counsel to the Committee. The Secretary records and maintains minutes of all proceedings of the Committee and provides all minutes of Committee meetings to be presented to the Board, following their approval and adoption by the Committee.

Meetings

The Committee meets as frequently as it determines is necessary, but not less frequently than quarterly. The Chair of the Committee may call meetings of the Committee, and shall call a meeting when requested to do so by a member of the Committee, the Lead Director, the Chair of the Commission, or the Executive Director. Notice of any such meeting must be given not less than 48 hours prior to the time of the meeting. The Chair of the Committee or his or her designate shall preside at all meetings of the Committee at which he or she is in attendance.

Each meeting shall include a closed session at which only the members of the Committee are present.

A quorum of the Committee shall consist of a majority of the Committee members. Procedure and all related matters are determined by the Committee as a whole. The powers of the Committee may be exercised at a meeting at which a quorum of the Committee is present. However, the Chair of the Committee may determine that any business to be transacted by the Committee in the absence of a quorum may be transacted by resolution in writing provided that:

- (i) no member of the Committee objects; and
- (ii) the resolution is subsequently signed by all members of the Committee.

Board Reporting and Recommendations

The Committee meets at least annually with the Lead Director to review the Committee's agenda for the following year and any other matters that the Lead Director or Committee consider appropriate. In so doing it annually reviews and assesses the adequacy of the Committee Mandate, and submits any amendments that the Committee may propose to the Governance and Nominating Committee.

The Chair of the Committee reports orally to the Board the proceedings of each meeting and all recommendations made by the Committee at the Board's next meeting. The Committee reports its activities in writing to the Board annually.

The Committee has the authority to make recommendations to the Board but does not have decision-making authority, unless such authority is specifically provided by resolution of the Board. In carrying out its duties the Committee may retain any outside advisor without Board approval at the expense of the Commission at any time, and has the authority to determine any such advisor's fees and other retention terms.

Duties and Responsibilities

The Committee is responsible for the oversight of the Commission's human resources policies and procedures, succession and compensation planning, and making recommendations thereon to the Board. These duties are undertaken in conjunction with the Independent Compensation Committee established by the Minister. The Chair of the Committee is a member of the Independent Compensation Committee.

In making recommendations to the Board, the Committee is responsible for the following:

Executive Employment Contracts

- Negotiating the terms of employment of Chair and Vice-Chairs, other than those terms that are the prerogative of the Lieutenant Governor in Council under the *Securities Act* (Ontario).
- Recommending, in consultation with the Independent Compensation Committee, approval of the terms of employment of the Chair and Vice-Chairs to the Board.
- Reviewing the terms of employment for the Chair and Vice-Chairs to ensure that they are competitive for the purpose of attracting and retaining qualified executives, reasonably related to personal and corporate performance, have the appropriate balance between short-term incentives and long-term incentives and are of general benefit to the Commission.
- Reviewing the recommendation of the Chair with respect to the terms of employment of the Executive Director.

Executive Pension Plans

- Reviewing external consultant reports on an annual basis focusing on pension plan performance and the funded status of the plans for the Chair, Vice-Chairs and Executive Director.
- Reviewing reports on an annual basis focusing on other relevant issues relating to the pension plans.

Executive Performance and Compensation

- Review and approve annually the goals and objectives of the Chair and the Vice-Chairs.
- Review and annually recommend to the Board and the Independent Compensation Committee the performance compensation for each of the Chair and the Vice-Chairs after conducting an evaluation of achievements against their approved corporate goals and objectives.

Compensation of Part-Time Members

- Reviewing and making recommendations to the Board and Independent Compensation Committee in respect of the fees and other compensation paid to the members of the Board to ensure that they are competitive for the purpose of attracting and retaining the services of experienced and highly qualified Part-Time Members.

Human Resources Policies and Procedures

- Reviewing all significant human resource policies and programs and considering their alignment with the Commission's strategic direction for recommendation for approval and adoption by the Board.
- Reviewing annually the succession plans for the Executive Management Team of the Commission.
- Reviewing the significant employee compensation policies of the Commission against its objectives, operations and the risks to which it is exposed.

Integrity and Ethical Standards

- Reviewing policies and processes designed to ensure the highest ethical standards and integrity for staff and Members, including the Commission's Code of Conduct.
- Reviewing the effectiveness of ethical reporting policies and procedures to ensure their effectiveness.