



Human Resources and Compensation Committee Terms of Reference

Approved by the Board on June 20, 2019

Purpose & Authority

Struck by the Board of Directors, the Human Resources & Compensation Committee (HRCC) supports the delivery of the Board's mandate in the area of organizational performance and human resource and compensation policy oversight. The Committee is also responsible for supporting the Board in matters relating to Chief Executive Officer recruitment and performance management.

Composition

The HRCC consists of a minimum of three directors, including a Committee Chair, and they are appointed by the Board annually.

Meetings

The Committee meets approximately five times per year, and has authority to convene additional meetings as required. Committee members are expected to attend all meetings in person or by teleconference and quorum is simple majority. The Chair sets the agenda and works with other Committee members and the Chief Governance Officer to ensure agendas and appropriate materials are circulated one week in advance of a meeting. The Board Chair serves as an ex-officio member, the CEO, Chief PX Officer and other members of Management attend upon request of the Committee and the Chief Governance Officer serves as advisor and secretary, ensuring minutes are taken and procedural matters are addressed.

Responsibilities

Committee Operations

- Annually review the Committee terms of reference and work plan with any proposed amendments to be presented to the Board for approval;
- Ensure Committee members have the resources and materials available to them to discharge their duties.

Organizational Performance

- Supported by the CEO and Management, review and monitor MEC's organizational performance over time, taking into account:
 - The progress made against strategic goals and objectives as approved by the Board annually; and
 - The progress made against other organization-wide performance frameworks as applicable.
- Ensure that the Board and committee's work on the following areas of risk governance is adequately prioritized and resourced, and that appropriate systems are in place to effectively monitor and mitigate such risks:
 - cultural

Human Resources Development

- Receive regular updates from the Chief PX Officer on emerging human resource trends and risks;
- Monitor overall MEC staff engagement through external survey or similar mechanism and receive periodic reports from the Chief PX Officer on the progress of action items implemented in response to survey findings; and
- Collaborate with the Chief PX Officer on HR policy issues as needed.

Organizational Compensation Framework

- Review and monitor compliance with MEC's Compensation and Benefits policy annually, receiving a report on previous year compensation matters and any forward year framework adjustments from the Chief PX Officer; and

Executive Succession Planning and Recruitment

- Facilitate the CEO recruitment process at the direction of the Board and with the assistance of an external executive recruitment consultant;
- In collaboration with the CEO, ensure a succession plan is in place for the CEO and for key executive team positions, periodically reviewing plans in place for fostering executive team development over time;
- Review and update the CEO job description as required; and
- Review and recommend to the Board the salary and compensation package for a new CEO.

CEO Performance Evaluation, Compensation & Development

- In collaboration with the CEO, develop and maintain an overall Incentive Compensation Plan, comprising short-term and long-term incentive plans, and related performance goals and measures;
- Coordinate the CEO's annual performance evaluation including an informal mid-year self-evaluation and formal year-end performance review;
- For the year-end review, oversee the collection of data and input on CEO performance, presenting results of the analysis to the Board for consideration and using those results to inform feedback to the CEO through the Board Chair;
- Review and recommend to the Board annual increases to the CEO salary based on the performance review, as well as outcomes of the CEO's Incentive Compensation Plan performance;
- Support the CEO's development by recommending coaching, training or other forms of leadership development where necessary.

Chief Governance Officer

- For the year-end performance review, coordinate the collection of data and input on CGO performance from Directors to provide to the CEO.