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<b>GOVERNANCE, HUMAN RESOURCES AND PENSION COMMITTEE</b> <b>TERMS OF REFERENCE</b>		

Unless the context otherwise indicates, capitalized terms in these Terms of Reference are defined in the CATSA Act and the Bylaws.

## I - MANDATE

According to Bylaw No. 3, the mandate of the Governance, Human Resources and Pension Committee (the “**Committee**”) is to:

- a) assist with and make recommendations to the Board on governance issues affecting the Authority to ensure that appropriate systems and practices necessary for effective direction are in place;
- b) assist with and make recommendations to the Board on human resources and compensation policies; management succession plans; the review and recommendation of annual objectives for the President and Chief Executive Officer, and the annual evaluation thereof; policies and processes relating to employee conduct and ethical behaviour;
- c) assist with and make recommendations to the Board on the administration of the Authority’s pension plans (jointly and severally referred to as the “**Pension Plan**”) and the management of the Authority’s Group Registered Retirement Savings Plan (“**Group RRSP**”), including but not limited to governance and investment matters;
- d) assist with and make recommendations to the Board on the Pension Plan and Group RRSP design and the administration of the funds related to the Pension Plan (jointly and severally referred to as the “**Fund**”) in accordance with applicable arrangements and policies established by the Authority and in its capacity as sponsor of the Pension Plan and Group RRSP;
- e) oversee the financial statements and audit of the Pension Plan, as applicable, and perform any other oversight responsibilities as may be assigned to it by the Board; and
- f) other functions as may be assigned to it by the Board.

## II - AUTHORITY

The Committee has the authority to conduct or authorize investigations into any matters within its scope of responsibility and it is empowered to:

- a) retain outside counsel or consultants as the Committee deems necessary in consultation with the Chairperson, when appropriate, to advise the Committee or to assist in the conduct of investigation;
- b) seek any information it requires from any Officer or employees of the Authority and external parties; and
- c) meet with the Authority's Officers, Chief Audit Executive, external auditors, or internal and external legal counsel, as necessary.

### **III - COMPOSITION**

The Committee shall be composed of at least three (3) Directors. In addition, the Chairperson also serves on the Committee as provided in Bylaw No. 3. Except as otherwise provided herein, the Board will appoint Committee members and the Committee Chairperson. Members shall serve until the member ceases to be a Director for any reason and the Director's appointed successor shall serve on the Committee until the Board decides otherwise or the Chairperson makes an interim appointment as provided in the Guidelines for Board Committees. The Board may fill a vacancy in the Committee at any time.

All members of the Committee will be independent, as determined by the Board, i.e. free of any interest and business or other relationship which would reasonably be perceived to materially interfere with the exercise of independent judgement. Subject to availability, all members of the Committee shall be financially literate and at least one (1) member of the Committee shall have prior exposure to pension governance issues.

### **IV - MEETINGS**

The Committee shall meet at least four (4) times per year and the Committee Chairperson may convene additional meetings as circumstances require. All Committee members are expected to attend each meeting, in person or via teleconference. A majority of the number of Committee members shall constitute a quorum. The President and Chief Executive Officer will attend the meetings. The Committee Chairperson may invite Officers or other employees of the Authority as the Committee Chairperson deems appropriate.

In the event of a Director's absence or conflict of interest, the Chairperson may identify alternate Director(s) to stand in the stead of the absent or conflicted member(s), and the Directors so acting shall be deemed to be a member(s) of the Committee for that particular meeting.

## V - DUTIES AND RESPONSIBILITIES

### 1.0 Overseeing the Corporate Governance Framework

The Committee will:

- a) continually monitor best practices, trends and issues relating to corporate governance and make recommendations, as appropriate, to the Board;
- b) keep apprised of matters relevant to Crown corporation governance issued by the Government and make recommendations, as appropriate, to the Board;
- c) review, at least every three (3) years, and ensure compliance with it on an annual basis, the *Code of Conduct and Ethical Behaviour for Directors* and make recommendations, as appropriate, to the Board;
- d) review, at least every three (3) years, the committee structure of the Board and make recommendations, as appropriate, to the Board;
- e) review, on an annual basis, the Terms of Reference of all committees and make recommendations, as appropriate to the Board;
- f) review, at least every three (3) years, the *Travel, Hospitality, Conference and Event Expenditures Policy* for the Board of Directors, and make recommendations, as appropriate to the Board;
- g) review, on an annual basis, the competency profile for the Board of Directors and make recommendations, as appropriate, to the Board;
- h) establish the process for and ensure that a Board effectiveness evaluation is conducted on an annual basis;
- i) support the Board, as required, in anticipating vacancies for the Chairperson and Board Members, and in collaborating with the government in filling Board vacancies as they arise;
- j) ensure that there is an orientation program for new Directors and ensure that the Corporate Secretary develops and maintains a briefing package for new Directors;
- k) discuss and make recommendations, as appropriate, to the Board regarding the manner in which the annual public meeting is to be held, as required pursuant to s. 113.1 of the *Financial Administration Act*, and
- l) ensure the annual Corporate Governance Compliance Review is completed and submitted to the Governance, Human Resources and Pension Committee in March. The individual Committee sections are to be submitted to each Committee in June.

## 2.0 Overseeing the Human Resources

The Committee will:

- a) ensure that appropriate policies are in place with respect to employees, including senior management, covering attraction, retention, development of competencies, career opportunity and progression, morale, wellness, communications, total compensation and performance evaluations;
- b) review, at least every three (3) years, the *Code of Ethics, Conduct and Conflict of Interest for the Employees of CATSA* and make recommendations, as appropriate, to the Board;
- c) review on an annual basis the succession plans for senior management and critical positions and make recommendations, as appropriate, to the Board;
- d) review and make recommendations, as appropriate, to the Board, major re-organizations or changes to senior management where a “major re-organization” is any change in the organizational chart which results in a significant change in responsibilities of any member of senior management, such as a transfer, removal or addition of a branch or directorate;
- e) review salary structures and benefits for employees and senior management when appropriate and make recommendations to the Board as deemed necessary;
- f) ensure, on behalf of the Board, the Authority’s compliance with the reporting requirements under applicable employment equity, diversity and official languages legislation as well as the *Public Servants Disclosure Protection Act*, and
- g) review factors related to the screening officer workforce which may affect operational effectiveness and efficiency and make recommendations, as appropriate, to the Board.

## 3.0 Appointment and Performance of the President and Chief Executive Officer

The Committee will:

- a) support the Board and collaborate with the government in filling any interim vacancy in the position of President and Chief Executive Officer as it may arise;
- b) review with the President and Chief Executive Officer his annual objectives, taking into account current government recommendations and guidelines, and recommend to the Board for approval;

- c) evaluate the performance of the President and Chief Executive Officer, having regard to the annual statement of objectives and any other relevant factors. The evaluation of the President and Chief Executive Officer shall be conducted in consultation with the Chairperson of the Board; and
- d) report the results of the evaluation and recommendations with respect to the President and Chief Executive Officer's compensation (salary range movement and at-risk-pay) to the Board for approval and recommendation to the Minister.

#### 4.0 Overseeing the Pension Plan and Group RRSP

##### a) **Fiduciary Responsibilities**

In relation to the Authority's fiduciary duties and responsibilities as administrator of the Pension Plan and the Fund and as the sponsor of the Group RRSP, the Committee will:

##### **Governance**

- (i) approve, for recommendation to the Board, and monitor the governance framework applicable to the administration of the Pension Plan and the Group RRSP, as well as any delegation of responsibilities by the Authority within that governance framework including, without limitation, the establishment by the President and Chief Executive Officer of a committee of Management and employees of the Authority to oversee, report on and make recommendations relating to the Pension Plan and Group RRSP, as set out in committee Terms of Reference ("**Pension Management Committee**");

##### **Administration**

- (ii) review and, as applicable, approve, for recommendation to the Board, financial statements, actuarial or other reports, audits, notices and any other documents as may be required by law, regulatory policies as appropriate for the Authority, or otherwise recommended at the discretion of the Pension Management Committee;
- (iii) review or receive reports prepared by or for the Pension Management Committee regarding the activities of the Pension Management Committee, the President and Chief Executive Officer's delegates and service providers in respect of the administration of the Pension Plan and the Group RRSP; and
- (iv) review and approve, for recommendation to the Board, the appointment or removal of any trustee, custodian, actuary, auditor, fund manager, investment manager or such other service provider involved in the operation or administration of the Pension Plan or the Group RRSP, or in the investment or holding of Fund or Group RRSP assets;

### **Investment**

- (v) review and approve, for recommendation to the Board, the Statement of Investment Policies and Procedures, and any amendments thereto, for the Pension Plan. In the case of the Defined Contribution component of the registered Pension Plan, this includes but is not limited to the investment options available to its members;
- (vi) monitor the application of, and adherence to, the Statement of Investment Policies and Procedures for the Pension Plan; and
- (vii) review and approve, for recommendation to the Board, the investment options available to members of the Group RRSP.

### **b) Non-Fiduciary Responsibilities**

In relation to the Authority's non-fiduciary duties and responsibilities as sponsor of the Pension Plan and the Group RRSP, the Committee will:

#### **Amendment or Termination**

- (i) review and approve, for recommendation to the Board, any proposed amendments to or winding up (in whole or in part) of, the Pension Plan and the Fund and related funding agreements;
- (ii) review and approve, for recommendation to the Board, any proposed amendments to, or termination of, the Group RRSP;

#### **Funding**

- (iii) review and approve, for recommendation to the Board, any funding policies for the Pension Plan and any amendments thereto;
- (iv) ensure the application of, and adherence to, the approved funding policies for the Pension Plan; and
- (v) perform such other duties and responsibilities as are delegated to the Committee by the Board and make such other recommendations to the Board as the Committee deems appropriate or as requested by the Board.

## **5.0 Overseeing Management's Approach**

The Committee will:

- a) ensure the appropriate policy framework is in place for matters relating to the Committee's mandate, review Management's consideration of updates to the Authority's policies assigned to the Committee, including but not limited to the *Code of Ethics and Conduct for the Employees of CATSA* and any policies not

- otherwise assigned to other Board committees, and make recommendations to the Board for approval of any amendments to such policies;
- b) recommend approval of board-level contracts as required by the Authority's contracting policies for requirements relating to the Committee's mandate and recommend approval of procurement strategies for procurements resulting in such contracts;
  - c) recommend approval-in-principle of projects as required by the Authority's project management policies, for projects relating to the Committee's mandate;
  - d) receive regular reports on such projects from Management as required by the Authority's project management policy and any such information it deems relevant to fulfill its mandate in relation and report back to the Board; and
  - e) report to the Board on the Authority's compliance framework in specific high legal risk areas for which the Committee is assigned responsibility.

## **VI - OTHER RESPONSIBILITIES**

The Committee will:

- a) review when appropriate its Terms of Reference;
- b) confirm annually to the Board that the responsibilities outlined in these Terms of Reference have been carried out;
- c) regularly report to the Board about Committee activities, issues, recommendations and requests for Board approvals; and
- d) keep Management informed and seek its advice with regard to issues, views, and preferences that are being considered by the Committee.