

APPENDIX G – TERMS OF REFERENCE FOR THE HUMAN RESOURCES AND COMPENSATION COMMITTEE

The Board of Directors has established the Human Resources and Compensation Committee of the Board (the “Committee”) to develop the Company’s philosophy and guidelines on executive compensation, oversee succession planning for Executive Management, determine CEO goals and objectives relevant to compensation, recommend for Board approval CEO compensation based on evaluation of CEO performance relative to CEO goals and objectives, review Executive Management performance and determine non-CEO executive compensation, and review and administer the Company’s equity-based incentive plans and the Company’s supplemental retirement plans for Executive Management.

The term “Executive Management” refers to all members of the Executive Leadership Team (ELT) including the President and Chief Executive Officer (CEO).

1. MEMBERSHIP

- 1.1 The Committee will have a minimum of three members, including the Chair of the Committee. The Board, on the recommendation of the Corporate Governance Committee, will appoint and remove the members of the Committee by a majority vote. The members will sit on the Committee at the pleasure of the Board.
- 1.2 The Board, on the recommendation of the Corporate Governance Committee, will appoint the chair of the Committee from the Committee members by a majority vote. The chair of the Committee will hold such position at the pleasure of the Board.
- 1.3 All members of the Committee will be Independent Directors.

2. MEETINGS

- 2.1 The Committee will meet at least once each quarter and otherwise as necessary. Any member of the Committee may call meetings of the Committee.
- 2.2 All directors of the Company, including management directors, may attend meetings of the Committee provided, however, that no director is entitled to vote at such meetings and is not counted as part of the quorum for the Committee if he or she is not a member of the Committee.
- 2.3 The Corporate Secretary or his or her nominee will act as Secretary to the Committee.
- 2.4 The Committee will report to the Board on its meetings and each member of the Board will have access to the minutes of the Committee’s meetings, regardless of whether the director is a member of the Committee.
- 2.5 The Committee should hold an in-camera session without management present, including management directors, as a regular feature of each regularly scheduled Committee meeting.
- 2.6 At the invitation of the Committee, the external human resources consultant to the Committee may attend meetings of the Committee, including in-camera sessions.

**APPENDIX G – TERMS OF REFERENCE FOR THE HUMAN RESOURCES AND
COMPENSATION COMMITTEE**

2.7 Subject to any contrary direction by the Committee, the external human resources consultant to the Committee will receive notice of every meeting of the Committee.

3. QUORUM

3.1 The quorum necessary for the transaction of business at Committee meetings will be a majority of the members of the Committee. A quorum once established is maintained even if members of the Committee choose to leave the meeting prior to conclusion.

4. DUTIES

The Board hereby delegates to the Committee the following duties to be performed by the Committee on behalf of and for the Board:

4.1 The Committee:

- a) will develop and recommend to the Board for its approval, the Company's compensation philosophy and guidelines for Executive Management and any material changes thereto;
- b) at least once annually, will review the Company's compensation philosophy and guidelines for Executive Management and recommend any material changes to the Board for its approval. In its review, the Committee will assess the linkage of executive compensation philosophy and executive incentive plans to the Company's financial and non-financial performance, support of the Company's business strategy, and alignment with the Company's employee compensation philosophy;
- c) at least once annually, will review the Company's senior management organizational structure and, where appropriate, recommend to the Board any material changes thereto;
- d) may propose, and will review any proposed establishment of and material changes to, incentive compensation plans and employee benefit plans for Executive Management and all equity-based incentive plans, including guidelines and policies relating to such plans, and present its recommendations to the Board for approval;
- e) will review and recommend to the Board for approval the proposed appointment of any person to Executive Management, and the proposed appointment of any member of Executive Management as a corporate officer of the Company;
- f) will lead the review on CEO performance and report the results to the Board;
- g) at least once annually, review and recommend to the Board for approval the CEO's compensation, based on the Committee's evaluation of CEO

**APPENDIX G – TERMS OF REFERENCE FOR THE HUMAN RESOURCES AND
COMPENSATION COMMITTEE**

performance and its review of the form and adequacy of CEO compensation in accordance with subparagraphs 4.2(b) to (d) below, provided that the Committee's recommendation of annual variable pay will be subject to the approval of and establishment by the Board of annual guidelines with respect to variable pay compensation. In assessing the long-term incentive component of CEO compensation, the Committee should consider the Company's performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies, and awards given to the CEO in past years; and

- h) will receive, with such frequency as the Committee deems appropriate, notification from the Committee's compensation consultant, on the non-Committee work performed by such consultant to the Company.

4.2 The Committee will review, and approve or determine, the following matters:

- a) at least once annually, succession plans for Executive Management, including specific development plans and career planning for potential successors, provided that the Board must approve the succession plan for the CEO;
- b) at least once annually, the adequacy and form of compensation for Executive Management;
- c) at least once annually, the corporate goals and objectives relevant to CEO compensation;
- d) at least once annually, the CEO's performance in light of the corporate goals and objectives referred to in subparagraph (c) above;
- e) at least once annually, the CEO's performance evaluations of individual members of Executive Management;
- f) at least once annually, the compensation (including annual variable pay and other incentive awards) of individual members of Executive Management other than the CEO, after taking into consideration the evaluation and recommendations of the CEO, provided that any grant of securities will be approved by the Board where it is required and the Committee's determination of annual variable pay will be subject to the approval of and establishment by the Board of annual guidelines with respect to variable pay compensation;
- g) the levels and types of benefits, including perquisites and vehicles, that may be granted to Executive Management, subject to the terms of any applicable employee benefit plans and guidelines established by the Board;
- h) at least once annually, the share ownership guidelines for Executive Management and the achievement of those guidelines by Executive Management; and

**APPENDIX G – TERMS OF REFERENCE FOR THE HUMAN RESOURCES AND
COMPENSATION COMMITTEE**

- i) all agreements, including those dealing with retirement, termination of employment or other special circumstances, between the Company and any member of Executive Management.
- 4.3 The Committee will:
- a) prepare and approve for publication reports on executive compensation for inclusion in the Company's information circulars and similar disclosure documents as required by law;
 - b) at least once annually, review and evaluate the adequacy of these Terms of Reference and the Committee's performance, and report its evaluation and any recommendations for change to the Corporate Governance Committee; and
 - c) report on its activities and deliberations to the Board as soon as practicable, and report to the Board at its next regular meeting all such actions which the Committee has taken since the previous report.
- 4.4 Following the approval of and establishment by the Board of any stock option or other equity-based incentive plans of the Company or its subsidiaries, and within any guidelines established by the Board and subject to any authority otherwise reserved or delegated by the Board with respect to such plans, the Committee will:
- a) review management's recommendations for and, subject to confirmation by the Board, approve the granting of stock options or other securities under such plans to eligible participants; and
 - b) administer such plans.
- 4.5 Within any guidelines established by the Board, the Committee will:
- a) administer the Supplemental Retirement Plans ("SRP") for Executive Management;
 - b) designate key employees as Executive Management for the purpose of the SRP;
 - c) at least once annually, review the benefits arising from and the liability for the SRP; and
 - d) suggest and review any amendments to the SRP which the Committee considers appropriate, and make recommendations to the Board for its consideration and approval.

**APPENDIX G – TERMS OF REFERENCE FOR THE HUMAN RESOURCES AND
COMPENSATION COMMITTEE**

- 4.6 Within any guidelines established by the Board with respect thereto, and any authority reserved by the Board, the Committee may consider and determine all matters concerning incentive awards, perquisites and other remuneration matters with respect to Executive Management, provided that any determination with respect to CEO remuneration will be subject to the approval of the Board.
- 4.7 The Committee will annually review the labour relations environment for the Company, and report to the Board with respect to any potential financial implications related thereto.
- 4.8 Save and except for those boards of directors that a member of Executive Management is asked by the Company to join as part of that member's employment duties, the Committee, with respect to boards of directors of unrelated corporations or entities, whether they are for profit or not-for-profit:
- a) may establish a limit on the number of such boards on which individual members of Executive Management may participate. Furthermore, where the Committee has permitted a member of Executive Management to participate on the board of directors of an unrelated corporation or entity, such member of Executive Management must obtain the further approval of the Committee prior to chairing such board or any committees of such board;
 - b) will receive notice of proposed membership by a member of Executive Management and, upon consultation with the CEO, have the right to approve or object to such membership; and
 - c) will unless determined otherwise by the Committee, confirm in writing, through the CEO, to such member of Executive Management that the Company will not indemnify the member nor be exposed to liability with respect to the member's participation on such board.
- 4.9 The Committee will also have such other powers and duties as are delegated to it from time to time by the Board.

5. AUTHORITY

- 5.1 The Committee, in fulfilling its mandate, will have the authority to:
- a) hire and terminate any independent human resource consultant to the Committee, and set compensation and other retention terms for such consultant;
 - b) hire and terminate any other advisors including independent counsel, and set compensation and other retention terms for such advisors;
 - c) communicate directly with the Executive Vice-President, Human Resources, and any other member of Management as the Committee deems appropriate;

**APPENDIX G – TERMS OF REFERENCE FOR THE HUMAN RESOURCES AND
COMPENSATION COMMITTEE**

- d) delegate tasks to Committee members or subcommittees of the Committee; and
- e) access appropriate funding as determined by the Committee to carry out its duties.