

## **Terms of Reference for the Human Resources and Compensation Sub-Committee**

**Policy Type:** Governance Process

**Policy Number:** # 112 A

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**Date Amended:**

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### **1.0 Purpose**

The purpose of the Human Resources and Compensation Sub-Committee (the “Sub-Committee”) is to assist the Board in fulfilling its responsibility for establishing succession and development plans for executives and the Board, ensuring that the plan of executive compensation is competitive in order to attract, retain, inspire and motivate the executives and other key employees.

### **2.0 Composition and Operations**

- 2.1 The Sub-Committee shall be composed of three (3) members from the Board Steering Committee, and up to two (2) additional Board members, as necessary. The President and CEO, the Chief Financial Officer and/or the Manager of Human Resources will be non-voting members of the Sub-Committee.
- 2.2 The Executive Assistant and Corporate Secretary will record decisions and recommendations;
- 2.3 When the Sub-Committee meets ‘in-camera’, the Chair of the Sub-Committee will record decisions and recommendations.
- 2.4 From time to time as deemed necessary, the Sub-Committee shall retain independent advice regarding human resources and compensation matters.
- 2.5 The Sub-Committee will meet a minimum of twice a year. Additional meetings will be at the call of the Board Chair, as necessary.

### **3.0 Duties and Responsibilities**

Subject to the powers and duties of the Board, the Sub-Committee will:

- 3.1 Conduct the Performance Evaluation Process for the President annually;
- 3.2 Review and recommend to the Board the compensation philosophy, guidelines and compensation for the President, including base salary, incentive awards, perquisites, benefits and other remuneration;
- 3.3 Review the organizational structure annually;
- 3.4 Review staff compensation and benefit plan models;
- 3.5 Review the President's strategy and succession plans for the executives, including specific development plans and career planning for potential successors. This will be done at a minimum of every three years;
- 3.6 Review and recommend the CEO's Succession Plans, including an Emergency Succession Plan. This will be done at a minimum of every three years;
- 3.7 Conduct or contract for an annual assessment of the Board;
- 3.8 Review with the President any substantial outside commitments that the President is considering before the commitment is made. This includes commitments to act as a director or trustee of for-profit, not-for-profit and government organizations. Annually review with the President the outside commitments of the VAA Leadership as directors or trustees of other organizations; and
- 3.9 Annually review the Enterprise Risk Management Program's risk register with particular focus on those risks which fall within the mandate of the Human Resources and Compensation Sub-Committee; and

3.10 Conduct the recruitment of the President and CEO.

#### **4.0 Accountability**

- 4.1 The Sub-Committee will report its discussions to the Steering Committee by distributing the minutes of its meetings and, where appropriate, by oral report at the next meeting of the Steering Committee of every major matter considered since the Steering Committee's last meeting.
- 4.2 The Committee will annually review and recommend changes to its terms of reference.

#### **Future Considerations**

- Review and recommend to the Board the compensation philosophy and guidelines for the executive(s) and other key management employees and further ensure that the plan(s) is competitive to market to retain, inspire, and motivate.
- Understand the key Human Resources and Compensation Risks relative to VAA objectives and receive up-dates from management on changes to risks and the strategies to address such risks.
- Recommend to the Board major changes in the organizational structure of management;
- Review and recommend to the Board any significant changes in the pension plan for excluded employees and executives, including any supplemental plans to ensure overall competitiveness of the pension plans.