

## **COMPENSATION COMMITTEE CHARTER**

### **I. PURPOSE**

The Compensation Committee is comprised of Independent Directors and is responsible for the development and supervision of the Corporation's approach to compensation for Directors, Senior Officers and Senior Management as well as bonuses and any increases in compensation to employees that would have a material<sup>1</sup> impact on the Corporation's expenses.

### **II. COMPOSITION AND TERMS OF OFFICE**

- A. The Compensation Committee shall be appointed by the Board. It comprises not less than three Directors, all of whom shall be Independent Directors.
- B. The Chair of the Compensation Committee shall be appointed by the Board.
- C. The Executive Director, Human Resources or such other designate of the President & CEO, will act as the management liaison for the Compensation Committee.
- D. The Compensation Committee shall meet as required.
- E. Members of the Compensation Committee are appointed for a one year term at the first meeting of the Directors following the annual general meeting.
- F. The quorum for the Compensation Committee is a majority.

### **III. DUTIES AND RESPONSIBILITIES**

The Compensation Committee shall:

- A. Review and make recommendations to the Board regarding compensation issues, in particular:

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<sup>1</sup> Material, for the purposes of this Charter, means any amount in excess of \$2 million out of budget in the Discretionary Authorities.



- (i) compensation philosophy and policies;
  - (ii) competitive positioning;
  - (iii) performance of the Senior Officers on behalf of the Board;
  - (iv) payments and awards to Senior Officers under the Corporation's salary and incentive plans;
  - (v) annual aggregate incentive compensation payouts to management, including security based compensation arrangements, and profit sharing to employees; and
  - (vi) Director compensation.
- B. Consider and mitigate major risks identified in compensation programs.
- C. Review significant changes in organizational structure.
- D. Record, draft and circulate to members, on a timely basis, minutes for each meeting of the Compensation Committee.
- E. Prepare an annual report of the Corporation's compensation practices. This report shall include adequate detail to meet or exceed any regulatory or legal governance disclosure requirements in addition to any additional disclosure the Board deems important. The Compensation Committee shall communicate with other Board committees as necessary regarding disclosure of items under their respective mandates.

#### **IV. LONG TERM INCENTIVE PLANS**

- A. The Compensation Committee will, from time to time, establish parameters and guidelines for the stock option plan administrator pertaining to the magnitude (range) and frequency of security based compensation arrangements for eligible new hires and other employees.



- B. The Compensation Committee will establish parameters and guidelines for any other form of long term incentive plan that may be used by the Corporation.

## **V. EXTERNAL CONSULTANTS**

The Committee may periodically engage third party external consultants and identify a balanced and reasonable market comparator peer group against which it will review the relativity of compensation and the competitive positioning of the Corporation, to assist it in determining if Directors' and Senior Officers' compensation is balanced and reasonable and market competitive.