

Throughout, “OTPP” refers to the corporate organization, the Ontario Teachers' Pension Plan Board, and “board members” refers to the members appointed to the OTPP.

MEMBERS

Cathy Cranston, Chair; Patti Croft, Monika Federau, Cindy Forbes, George Lewis and John Murray

1) AUTHORITY

- a) The Human Resources & Compensation Committee (“HRCC”) is a standing committee of the OTPP. The HRCC assists the OTPP in fulfilling its governance responsibilities by providing oversight and recommendations on matters pertaining to the Chief Executive Officer (CEO) and executives reporting directly to the CEO and the Executive Vice-President and Chief Investment Officer (CIO) (together, the “Corporate and Investment Executive Reports”) including succession, compensation, performance results, inclusion & diversity, and hiring and termination arrangements as provided below.

In addition, the HRCC also has responsibility by providing oversight and recommendations on matters pertaining to Human Resources policies as provided below.

- b) The HRCC is authorized to engage independent counsel and other outside experts as it determines necessary to carry out its duties, and to set and pay the compensation for any advisors engaged by the HRCC. The committee chair shall engage the necessary advisors and the board members shall be kept informed of both the selection of the advisors and their advice. Board members may reserve the right to access more detailed information beyond that contained in the HRCC reports and recommendations.

2) RESPONSIBILITIES

2.1 Chief Executive Officer (CEO)

- a) Develop a description of duties and responsibilities for the CEO;
- b) Review and recommend compensation, awards and payments, employment terms and conditions, and retirement arrangements for the CEO;
- c) Annually review CEO performance against established objectives and benchmarks; and
- d) Employ external consultants to review CEO compensation as required.

2.2 Corporate and Investment Executive Reports

- a) Review assessments and personal development plans;

- b) Review individual performance prior to annual compensation recommendations, and during the year as required;
- c) Review and recommend hires and appointments, compensation awards and payments, and material exceptions to Teachers' standard;
- d) Be informed of any retirements and terminations; and
- e) Review, at a minimum every three years, the duties and responsibilities.

2.3 Compensation and Benefits

- a) Review and recommend compensation philosophy, policies and programs with the objective of providing appropriate standards and incentives for professional and responsible behavior that is aligned with the key long-term objectives of the OTPPP;
- b) Review and recommend new OTPPP-sponsored and administered benefits and wellbeing policies/programs and/or changes to existing plans where the relevant cost of the new policy/program or change thereto exceeds \$5M;
- c) Review and recommend annual salary increase budget for non-union employees, annual incentive key metric outcomes and long-term incentive pool for non-union employees;
- d) Review utilization of salary increase budget and LTIP pool during the year;
- e) Annually review financial status of Teachers' Supplemental Employee Retirement Plan; and
- f) Oversee the Compensation Discussion & Analysis disclosure for Directors and Named Executive Officers in the Annual Report.

2.4 Performance Results

- a) Annually review Teachers', Divisional, and Investment Departmental performance outcomes and recommend Teachers' overall performance; and
- b) Annually review the total fund performance outcomes.

2.5 Talent

- a) Annual review of succession plan, assessment of talent risks and key strategic priorities for P&C;
- b) Review material organizational and structural changes. For example: creation of a new division or other material changes with a significant reputational and/or talent risk; and
- c) Review and recommend labour relations negotiation strategy parameters, as required.

2.6 Other Matters

- a) The HRCC shall review the Terms of Reference of the HRCC biennially and present any changes recommended to the Governance Committee for recommendation to the Board.

3) PROCEDURES

3.1) Membership

- a) Each member shall have an understanding of issues related to human resources and executive compensation or be willing and able to acquire the necessary knowledge within a reasonable amount of time. At least one member shall have financial literacy as a skill and at least one member shall have investment management experience.

3.2) Meetings

- a) The Committee will report the proceedings of each meeting and all recommendations made by the Committee at such meeting to the Board at the Board's next regularly scheduled Board meeting; and
- b) The Committee will meet in camera at each meeting to discuss pertinent matters.

4) ROLE OF THE COMMITTEE CHAIR

4.1) The Chair of the Committee shall:

- a) Ensure that the roles and responsibilities of the HRCC and management are understood and respected by both;
- b) Promote the independent thinking of the HRCC;
- c) Build consensus among HRCC members;
- d) Oversee the discharge of the HRCC's responsibilities outlined herein and the annual calendar;
- e) Ensure timely reporting of the HRCC recommendations and findings to the board members;
- f) Set the agenda for and preside over HRCC meetings;
- g) Ensure that the necessary reports and materials are provided to support management's proposals; and
- h) Provide the Chair's insight for Enterprise Risk Management by providing input into OTP's top enterprise risks.