

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

## 1) AUTHORITY

- a) The People & Compensation Committee (“PCC” or the “Committee”) is a standing committee of OTPP. The purpose of the PCC is to ensure that OTPP talent programs and practices enable the successful attraction, retention and development of the executives and employees, to oversee talent policies required to ensure the sustainability of the organization, and to ensure the alignment of both the organization’s and its stakeholders’ interests through the structure and oversight of an executive compensation design centered on pay for performance.
- b) The PCC assists OTPP in fulfilling its governance responsibilities by providing oversight and recommendations on matters pertaining to the Chief Executive Officer (CEO) and those executives holding the title of Executive Managing Director and above who report directly to the CEO or to a Chief Investment Officer (CIO) (together, the “Corporate and Investment Executive Reports”), including on succession, compensation, performance results, inclusion & diversity, and hiring and termination arrangements as provided below.

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

- c) The PCC is authorized to engage independent counsel and other independent advisors as it determines necessary to carry out its duties, and to determine the scope of work and related fees. The Committee Chair shall engage the necessary advisors and the Board shall be kept informed of both the selection of the advisors and their advice. The Board may reserve the right to access more detailed information beyond that contained in the PCC 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) Develop the annual CEO performance evaluation process and annually review CEO performance against established objectives and benchmarks;

- d) Annually review the succession plan for the CEO and the development plan progress of potential successors;
- e) Annually review, and recommend to the Board for approval, designated interim emergency delegates to exercise the functions of the President and CEO in the event that the CEO is unable to perform such duties; and
- f) Engage independent, 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 to the Board the approval of hires and appointments, compensation awards and payments, and any material exceptions to OTPPP's standard employment terms;
- d) Review, and recommend to the Board for approval, designated interim emergency delegates to exercise the functions of the Chief Investment Officers, Chief Financial Officer and/or Chief Risk Officer in the event that they are unable to perform their respective duties;
- e) Be informed of any retirements and terminations; and
- f) 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 to the Board the approval of 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 to the Board the approval of the annual salary increase budget for non-union employees, 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) Review and recommend to the Board for approval the Compensation Discussion & Analysis disclosure for Directors and Named Executive Officers in the Annual Report.

## 2.4 Performance Results

- a) Annually review and recommend to the Board for approval the Teachers' performance outcome;
- b) Annually review Divisional, Investment Department, and total fund performance outcomes; investment performance thresholds and hurdles are reviewed and recommended to the Board for approval by the Investment Committee; and
- c) Annually review aggregate employee performance outcomes.

## 2.5 Talent

- a) Annual review of succession plans for the Corporate and Investment Executive Reports;
- b) Annual review and assessment of talent risks;
- c) Annual review of People & Culture key strategic priorities including talent management, wellbeing, and diversity, equity & inclusion;
- d) 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
- e) Review and recommend labour relations negotiation strategy parameters, as required.

## 2.6 Other Matters

- a) The PCC shall review the Terms of Reference of the PCC biennially and present any changes recommended to the Governance Committee for recommendation to the Board;
- b) Ensure members have access to the appropriate education and materials to carry out the Committee's responsibilities.

## 3) PROCEDURES

### 3.1) Membership

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) POSITION DESCRIPTION FOR CHAIR OF PCC

##### 4.1) The Chair of the Committee shall:

- a) Provide leadership to enhance the Committee's effectiveness by:
  - i. Ensuring that the roles and responsibilities of the PCC and management are understood and respected by both;
  - ii. Promoting the independent thinking of the PCC;
  - iii. Building consensus among committee members;
  - iv. Overseeing the discharge of the PCC's responsibilities outlined herein and the annual calendar.
- b) Ensure timely reporting of the Committee's recommendations and findings to the Board:
- c) Act as the liaison between the Committee and management by working with the Chief People Officer to:
  - i. Set the agenda for and preside over PCC meetings;
  - ii. Ensure that the necessary reports and material are provided to support management's proposals; and
- d) Provide the Chair's insight for Enterprise Risk Management by providing input into OTPP's top enterprise risks.