

Human Resources Committee Terms of Reference

INTRODUCTION

The Board has established a Human Resources Committee (HRC) to assist in fulfilling certain responsibilities related to:

- (a) maintaining and managing the employment relationship with the President & Chief Executive Officer (CEO); and
- (b) working directly with the CEO on broader human resource issues as specified herein or as directed by the Board.

These terms of reference are intended to articulate and clarify the specific responsibilities of the HRC.

AUTHORITY

When the HRC was established on January 18, 2016, there were no legislative provisions specifically dealing with the formation or operation of a human resources or similar committee. The establishment and authority of the HRC arose from the broad authority vested in the Board to properly manage the affairs and activities of the Teachers' Retirement Allowances Fund (TRAF). Effective June 2, 2017, *The Teachers' Pensions Act* was amended to include Subsection 41.1(1), which specifically provides that the Board may establish committees of the Board and appoint members of the Board and other individuals to such committees.

For certainty, it is acknowledged that the authority of the HRC shall generally be limited to making recommendations to the Board regarding the contractual arrangements with the CEO (including, without limitation, the position profile and compensation) and overall succession planning matters.

COMMITTEE COMPOSITION AND MEMBER TERMS

The Board shall appoint three Board members to the HRC and designate one such member as the Chair of the HRC. All members of the HRC shall be independent of day-to-day operations. There shall be no external members on the HRC. The Board Chair shall, if not appointed as a member, be an ex-officio member of the HRC.

HRC members shall serve at the pleasure of the Board. It is preferred that an HRC member shall not serve more than four consecutive years; however, in making appointments to the HRC, the Board shall consider the necessary balance of skills and experience. In addition, to the extent possible, there should be some continuity on the HRC from year to year (i.e., member terms should be staggered when possible). A member's appointment to the HRC will cease if the member's appointment to the Board ceases. The Board may appoint members to fill vacancies.

STANDARD OF CARE AND RELIANCE ON EXPERTS

In the discharge of their duties under this mandate, each member of the HRC shall be obliged to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances where they are dealing with the affairs and property of another person, and shall use all relevant knowledge and skill possessed by them by reason of such member's profession, business or calling.

The members of the HRC may rely in good faith upon any reports and findings of any expert engaged by the HRC to report upon the matter under consideration, provided that any engagement of an outside adviser with an anticipated cost of \$20,000 or more shall be subject to Board approval, either through the annual budget process or by resolution.

OPERATIONAL PROCEDURES

1. Meetings

Meetings may be convened at the request of the Chair of the HRC, or at the request of either the TRAF Board by way of resolution or the CEO. The HRC shall generally meet three times per year. Additional meetings may be convened as determined by the Chair of the HRC.

2. Attendance

Other members of the Board may attend HRC meetings, subject to approval in advance from the HRC Chair. In addition, the CEO and the Vice President, Communications & Human Resources are generally expected to attend HRC meetings.

The Board Chair as an ex-officio member of the HRC is invited to attend all meetings of the HRC but is not required to attend.

The HRC Chair and CEO may invite such other staff members as they consider necessary or advisable to attend the HRC meetings.

In the event that the HRC Chair is absent, the remaining HRC members shall elect a Chair for that meeting.

3. Quorum and Voting

A quorum consists of a majority of the voting members of the HRC in attendance. For certainty, the Board Chair, as an ex-officio member, is not counted for quorum and is not a voting member. Each HRC member, including the HRC Chair, is entitled to one vote and decisions shall be made by majority vote of those present. In the event of a tie vote, the HRC Chair shall have an additional or casting vote.

4. Minutes

The Vice President, Communications & Human Resources shall generally act as the recording secretary for each meeting. In the absence of the Vice President, Communications & Human Resources, the HRC Chair shall designate a recording secretary for such meeting. The designated recording secretary should generally be someone other than the HRC Chair.

Meeting minutes shall contain an outline of the material issues addressed at the meeting, as well as all approved decisions, resolutions or directives.

A draft of the minutes approved by the HRC Chair and recording secretary shall be circulated for review and approval with the materials for the next HRC meeting. The minutes shall be approved with such amendments or adjustments as may be agreed upon. In the event of a dispute, the normal voting procedures shall apply.

Notwithstanding the inherent delay in approving minutes, any action taken at a meeting will be effective as of and from the date of such original meeting.

5. Reporting

The HRC shall report to the Board on a regular basis. Reporting shall normally be made through the HRC Chair. Copies of meeting minutes shall be made accessible to the Board via posting to the Board portal. In addition, the Board may request a report from the HRC at any time.

6. Compensation

HRC members, including the Board Chair as an ex-officio member, shall be compensated in accordance with Board Policy 3.0 – Board & Committee Member Expenses and Compensation.

RESPONSIBILITIES

1. CEO Employment Agreement

Within the parameters established by the Board, negotiate and finalize the employment agreement with the CEO, subject to Board approval. Further, to the extent required or desirable, negotiate and finalize any amendments to the employment agreement with the CEO, subject to Board approval.

2. CEO Position Profile

Review and propose amendments to the CEO position profile from time to time, subject to Board approval.

3. CEO Compensation

Generally administer Section IV of Board Policy 13.0 – Chief Executive Officer Selection & Ongoing Reviews (which deals with performance reviews of the CEO) and Board Policy 32.0 – Management & Senior Investment Personnel Compensation as it relates to the CEO, including, without limitation:

(a) Base Salary

- (i) set the annual base salary of the CEO, subject to Board approval

(b) Incentive Compensation

(i) Short-term Incentive Plan (STIP) – Qualitative Component

- work with the CEO to develop individual and corporate performance goals and objectives applicable to the upcoming year, and present to the Board for approval;
- following the year-end, work with the CEO to determine the success and progress made with respect to the goals and objectives established for the prior year; and
- recommend to the Board the rating to be assigned to the CEO.

(ii) STIP – Investment Performance Component

- work with the CEO to set the excess return target applicable to the upcoming year, and present any proposed adjustments to the Board for approval;
- following the year-end, work with the CEO to determine the percentage of the target award that the CEO shall be eligible to receive; and
- recommend to the Board the amount to be paid to the CEO.

(iii) Long-term Incentive Plan (LTIP)

- work with the CEO to set the excess return target for the LTIP applicable to the upcoming year, and present any proposed amendments to the Board for approval;
- following the year-end, work with the CEO to determine the percentage of the target LTIP award that the CEO shall be eligible to receive; and
- recommend to the Board the amount to be paid to the CEO.

4. External Compensation Consultant

The HRC shall maintain a relationship with an external compensation consultant in order to be kept current with general executive compensation trends and developments. While the HRC shall determine the nature and extent of such relationship (which may, but does not need to, be a retainer relationship), it should generally include an annual discussion and update at a regularly scheduled HRC meeting.

5. Regular Review of Board Policy 32.0

The HRC shall assess Board Policy 32.0 to ensure that it continues to be appropriate, effective and reasonable at least every four years. While the exact nature and scope of the review will be determined by the HRC, the assessment shall generally consider both the structure of the incentive compensation program and the outcomes for the CEO. If deemed necessary, the HRC may engage an external compensation consultant to assist in such reviews. As the most recent review was conducted in 2023, the next review shall occur no later than 2027. While the HRC can determine to conduct a review at an earlier time, the four-year review cycle was selected to align with the four-year investment performance cycle incorporated into Board Policy 32.0.

6. Succession Planning

Work with the CEO to ensure that appropriate succession planning is in place for key senior personnel. Facilitate the presentation of such plan(s) to the Board for information or approval, as appropriate.

7. General

Oversee the selection and terms of reference for any external consultants retained to advise the HRC or Board on compensation-related matters, provided the Board has approved all engagements with an anticipated cost of \$20,000 or more in any calendar year.

RESPONSIBILITIES OF THE COMMITTEE CHAIR

The Chair of the HRC shall:

1. Ensure that the HRC addresses each of its responsibilities as set out herein;
2. Plan and organize the activities of the HRC; and
3. Set the agenda for each meeting of the HRC.

BOARD REQUESTS

The HRC shall carry out such other tasks as directed by the Board.



Johnston Terminal, 330 – 25 Forks Market Road, Winnipeg, Manitoba R3C 4S8
Email: info@traf.mb.ca • Website: traf.mb.ca
Phone: 204-949-0048 • Toll-free: 1-800-782-0714 • Fax: 204-944-0361

10-2025