

---

**GOVERNANCE AND HUMAN RESOURCES COMMITTEE**

---

**PURPOSE**

The purpose of the Governance and Human Resources Committee (the "Committee") of the Board of Directors (the "Board") of the Corporation is to assist with Board oversight of governance issues and human resources strategies, plans, principles and related risks affecting the Corporation, to ensure that appropriate processes, structures and information necessary for effective direction and oversight are in place.

The Committee, as a standing committee of the Board, derives its mandate and responsibilities from the Board.

**A. Operating Principles****1. Functions and Composition:**

- (a) There shall be a Governance and Human Resources Committee, the members of which shall be the Chair and two or more of the Directors named by the Board.
- (b) Members of the Committee shall be independent of management and the Corporation.
- (c) The Committee will carry out the duties outlined in these Terms of Reference and such other functions as are assigned or delegated to it by the Board.

- 2. Chair:** The Committee shall be chaired by the Chair of the Board or a member recommended by the Chair of the Board and confirmed by the Board. Where the Chair is absent at any meeting one of the members of the Committee who is chosen to act by the members present shall preside and have all the powers of the Chair.

- 3. Quorum:** The presence of the lesser of (a) three (3) members of the Committee, and (b) a majority of the then-current members of the Committee constitutes a quorum for a meeting of the Committee. In the event any Committee member declares a conflict of interest with regards to any one or more matters under consideration by the Committee, such Committee member will not attend that portion of the meeting dealing with such matter(s) and the foregoing quorum

requirement will be reduced by one (1) with regards to any decision or recommendation made with respect to such matter(s).

4. **Voting:** A matter put to a vote at a meeting of the Committee shall be decided by a majority of the votes cast. In the event of an equality of votes, the members shall attempt to resolve the matter by further discussion and consensus; however, in the absence of agreement, the Chair has a second vote.
5. **Procedure and Conduct:** Subject to other provisions of the Corporate By-laws, these Terms of Reference and any Board resolution, the Chair shall determine the procedure at and conduct of meetings of the Committee.
6. **Minutes:** Once they have been approved by the Committee, copies of the minutes of the proceedings of the Committee shall be deposited into the Committee Minute Book by the Corporate Secretary. The Committee Minute Book shall be available to all of the Directors for inspection, upon request.
7. **Frequency of Meetings:** The Committee will meet at the discretion of the Chair, but not less frequently than four times each year.
8. **Committee Information Needs and Communications:** The Committee shall communicate to Management the Committee's expectations on the nature, timing and extent of its information needs. The Committee members expect to have direct, open and frank communications throughout the year with Management, other committee Chairs and key Committee advisers as applicable.
9. **Private Meetings:** The Committee shall meet privately as a committee and periodically with Management in separate private sessions.
10. **Agenda:** A written agenda for each meeting of the Committee together with any related materials will be distributed to the members of the Committee at least five days in advance of the meeting date.
11. **Supplemental Attendees:** Any person who may possess information that would be useful to the Committee in carrying out its duties may be invited by the Chair to attend any meeting of the Committee.
12. **Secretary:** The Corporate Secretary or the Corporate Secretary's designate shall act as the Secretary of all meetings of the Committee.
13. **Reporting:** The Committee will, where appropriate, provide a report of each meeting of the Committee at the next regular Board meeting or as may otherwise be required by the Board.

- 14. Review of Terms of Reference:** The Committee shall review and assess the adequacy of these Terms of Reference at least annually. If the Committee recommends any amendments, the Committee shall submit revised Terms of Reference to the Board for its approval.
- 15. Self-assessment:** The Committee shall regularly review its performance for the purpose, among other things, of assessing whether the Committee fulfilled the responsibilities and duties stated in these Terms of Reference.
- 16. Independent Counsel or Other Advisors:** The Committee has the authority to engage outside advisors including, but not limited to counsel, independent consultants and/or other experts, as needed, to review any matter under its responsibility.

**B. Principal Duties and Responsibilities - Human Resources & Compensation**

**1. Human Resources Strategies and Principles:**

- (a) The Committee shall review key human resource strategies, plans, principles, and related risks proposed by the Chief Human Resources Officer and make recommendations to the Board for approval or revision. The Committee shall monitor the ongoing implementation of such strategies and principles including through review of results of employee engagement surveys.
- (b) The Committee shall review the general compensation philosophy proposed by the Chief Human Resources Officer and make any recommendations to the Board for approval or revision.
- (c) The Committee shall ensure that the Corporation has ongoing and appropriate policies, codes and processes relating to employee business conduct and ethical behaviour. On an annual basis or otherwise as required, the Committee shall review and approve the following policies:
  - (i) Employee Code of Conduct;
  - (ii) Conflict of Interest Policy;
  - (iii) Wrongdoing and Fraud Reporting Policy; and
  - (iv) Political Activity Policy.

**2. Compliance:** On at least an annual basis, and otherwise as required or requested by Management, the Committee shall review reports with respect to:

- (a) Compliance with legal requirements and major corporate policies pertaining to human resource matters; and



- (b) Compliance with employee business conduct and ethical behaviour.

When required, the Committee shall direct the CEO to provide a report to the Audit, Finance and Risk Management Committee in the event a breach occurs, or a concern is raised that warrants such a report.

**3. CEO Objectives and Evaluation:** The Committee shall:

- (a) Review the CEO's proposed annual statement of CEO objectives and recommend same to the Board for approval or revision; and
- (b) Evaluate the performance of the CEO, having regard to the annual statement of objectives and any other relevant factors including the relationship of the CEO with the Board and with the individual Board members. The evaluation of the CEO shall be conducted in consultation with the Chair of the Board and shall be presented to the Board for its review and approval, based on the Committee's recommendations.

**4. Senior Management Matters:** The Committee shall:

- (a) review and approve the hiring of, and the compensation and benefits package offered to senior management employees reporting directly to the CEO. The Board Chair and Committee Chair may exercise the full authority of the Committee in this respect provided that:
  - (i) materials seeking Committee approval are distributed to all Committee members for review;
  - (ii) the Board Chair and Committee Chair agree with the proposed approval; and
  - (iii) no Committee member has raised concerns with respect to the proposed approval.

For further clarification, decisions relating to these matters are provided to the Board for information only.

- (b) Review the yearly performance assessments of the CEO's senior management direct reports and any related compensation adjustments; and
- (c) Review and approve any changes to the actual compensation and benefits paid to any senior management employee reporting directly to the CEO.

## 5. **Labour Relations Matters:**

- (a) On a regular basis, the Committee shall review reports with respect to the Corporation's labour relations activities and relationship with the unions, and any risks identified including:
  - (i) a yearly summary of grievance activities;
  - (ii) the status of any significant negotiations between Management and the union; and
  - (iii) the negotiation of any collective agreement.
- (b) The Committee shall give direction to Management's negotiation team with respect to the negotiation of any collective agreement.

**6. Equity, Diversity & Inclusion:** On a regular basis, the Committee shall review reports with respect to the Corporation's Equity, Diversity & Inclusion strategies and implementation, including Key Performance Indicators relating to Equity, Diversity & Inclusion.

**7. Succession Planning:** On an annual basis the Committee shall review and endorse the proposed succession plans for the CEO, the CEO's direct reports, employees categorized as Vice-Presidents and above, and any other employees identified by the CEO. The Committee shall present these succession plans to the Board for its review and approval, based on the Committee's recommendations.

**8. Organizational Structure:** The Committee shall review and, when warranted, recommend to the Board, changes to the Corporation's high-level organizational structure proposed by the CEO.

**9. Authority for Human Resources Matters:** In accordance with and subject to Section 7.2 of By-law No. 1 of the Corporation and subject to any additional stipulations or limitations imposed by the Board from time to time, the Committee may exercise all powers of the full Board with respect to:

- (a) the approval of any Contract (as defined in the Corporation's Approval Authorization Policy) that is related to a matter within the authority of the Committee, as defined in these Terms of Reference, or which is related to the recruitment of employees or the provision of benefits to or other services for employees of the Corporation, provided that the Contract relates to an expenditure included within the previously approved Capital or Operating budget;
- (b) the settlement of any claim which involves a labour relations or employment matter or is otherwise related to a matter within the authority of the Committee, as defined in these Terms of Reference; and

- (c) the approval of any matter relating to the administration of the OMERS pension program.

In determining whether to exercise such authority, the Committee will consider whether full Board authorization is preferable having regard to the materiality of the matter under consideration.

The Committee shall report to the Board on all matters approved by the Committee on behalf of the Board.

- 10. Matters referred by CEO:** The Committee shall review any matter concerning human resources and compensation matters that may be referred to it by the CEO.

### **C. Principal Duties and Responsibilities - Governance**

- 1. Governance Duties and Responsibilities:** The Committee shall take a leadership role and assume responsibility for the Corporation's overall approach to governance and shall undertake such governance initiatives as may be desirable to ensure that the appropriate processes, structures and information necessary for effective direction and oversight are in place to contribute to the success of the Corporation. The Committee shall keep abreast of current developments in governance best practices.
- 2. Orientation and Training:** The Committee shall oversee the development and implementation of the Director's orientation program including: a strategic overview; an overview of the Corporation's vision and mission statement; an overview of the Corporation's activities; a review of the contents of the Board Manual. The Committee shall review, monitor and make recommendations to the Board regarding the orientation, training and ongoing development of Directors.
- 3. Board Manual:** The Committee shall ensure that a current and complete Board Manual of documents is maintained including:
  - (a) All policies applicable to the Board;
  - (b) All Committee Board Terms of Reference setting out the roles and responsibilities of Board Committees and the Committee chairs;
  - (c) Board procedures; and
  - (d) A Communications protocol for communication among governance parties including the Ministry of Transportation, municipalities and the public.



4. **Terms of Reference:** The Committee shall review and recommend, for Board Approval, any proposed amendments to a Board Standing Committee's Terms of Reference.
5. **Significant Issues:** The Committee shall develop a process to assist the Board in determining whether the Board is satisfied with the manner, frequency and timeliness with which significant issues are brought to its attention, as well as the appropriateness of that information.
6. **Board and Committee Effectiveness:** The Committee shall recommend to the Board, and if approved by the Board, implement a method for regularly evaluating and assessing the effectiveness of the Board, the Committees, the Chair, the Committee chairs and of individual Directors, and recommend any changes to the method.
7. **Strategic Plan:** The Committee shall advise and assist the Board in advancing the goals of the Corporation's strategic plan including organizing and overseeing an annual Board strategy session and the timely follow-up of matters raised at the strategy session.
8. **Independent Counsel:** The Committee shall ensure there is a system that enables a Board Committee or a Director to engage separate independent counsel or other advisors/other experts in appropriate circumstances, at the Corporation's expense.
9. **Review of Objects, etc.:** On a periodic basis, the Committee shall review the Corporation's objects, duties and powers as set out in the *Metrolinx Act, 2006*, as amended from time to time (the "Act") and make any recommendations it sees fit to the Board.

#### **D. Risk Management Activities**

1. In keeping with the responsibilities of the Audit, Finance and Risk Management Committee on enterprise risk management oversight, as contained in its terms of reference, the Committee will:
  - (a) Ensure that it fully understands any and all risks related to the Committee's principal duties and responsibilities as set out in these Terms of Reference to which the Corporation is exposed, the Corporation's enterprise risk management (ERM) framework, and the policies, procedures and controls used by management to identify, monitor, assess and manage these risks;
  - (b) Ensure that all key risks related to the achievement of the Corporation's human resource strategies, plans and principles and board governance practices, as set out in these Terms of Reference, are identified and

documented with mitigating strategies, and monitored in reaching proposed targets; and

- (c) Review and report enterprise risks relevant to Metrolinx's human resource and board governance mandates, to the Audit, Finance and Risk Management committee of the Board on a quarterly basis, as appropriate, to ensure the Committee is apprised of the enterprise risks that exceed the risk appetite and whether management is responding to them.

**Approved by the Board of Directors on March 26, 2025**