

MANAGEMENT REPORT TO THE GREATER TORONTO TRANSPORTATION AUTHORITY

Board Meeting Date: August 24, 2007
Item Class: Chair's Item
 Decision
 In Camera
 Information
 Resolution / By Law

RECOMMENDATION(S):

BE IT RESOLVED THAT:

The following directors be appointed to the Human Resource Committee.

Peter Smith as Chair of the Committee

Fred Eisenberger

Brian Ashton

Rob Maclsaac

ISSUE:

Appointing a human resources and compensation committee is common corporate practise. In the proposed HRCC Charter 3 or more board members are appointed to focus on HR issues in meetings dedicated to a review of key human resource policies and strategies, CEO and Chair performance assessment, compensation philosophies, personnel policies, succession planning, compliance with employee-related legal requirements, and the general state of human resource issues. This committee also ensures that the Corporation has ongoing and appropriate policies and codes with respect to employee business conduct and ethical behaviour.

Initially the HRCC membership, including the HRCC committee chair, will be identical to the membership of the audit committee. As in the case of Board membership, the HRCC Committee Charter provides for staggered terms so that members are changed on an appropriate, regular basis. To ensure continuity, however, the change is on a rotation basis so that the entire committee is not changed at any one time.

The Charter attached as Appendix A for this committee has been drafted taking best industry practices into account.

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APPENDIX A

GREATER TORONTO TRANSPORTATION AUTHORITY

Charter for Human Resources and Compensation Committee

PURPOSE / MANDATE:

The Human Resources and Compensation Committee ("HRCC") of the Board of Directors (the "Board") of the Greater Toronto Transportation Authority (the "Corporation") is to assist with Board oversight of: human resources and compensation policies and strategies and other matters that the Chief Executive Officer ("CEO") may refer to the HRCC; management succession plans; the review and recommendation of annual objectives for the CEO and Corporation Chair; the retention or dismissal of other senior management employees and policies and processes relating to employee business conduct and ethical behaviour.

The HRCC derives its mandate and responsibilities from the Board. Members of the HRCC shall each be independent of the Corporation and the Corporation's management.

COMPOSITION:

1. **Chair:** The Chair of the committee will be appointed by the Board. Where at any meeting the Chair is absent, one of the HRCC members who is chosen to act by the members present shall preside and have all the powers of the HRCC Chair.
2. **Membership:** There shall be 3 or more Directors named to the Human Resources and Compensation Committee by the Board
3. **Term of Appointment/Rotation of HRCC** – Members of the HRCC should be changed on an appropriate, regular basis. Such change should be on a rotation basis in order to ensure that the entire Committee is not changed at any one time.
4. **Quorum:** The presence of two members constitutes a quorum for a meeting.
5. **Procedure and Conduct:** Subject to other provisions of this Charter, and to any resolution of the Board respecting a specific matter, the HRCC Chair shall determine the procedure at and conduct of meetings of the HRCC.

6. **Minutes:** Once they have been approved by the HRCC, copies of the minutes of the proceedings of the HRCC shall be sent by the Corporate Secretary to all of the Directors.

RESPONSIBILITIES AND AUTHORITY:

The Committee will carry out the duties outlined in this Charter and such other functions as are assigned or delegated to it by the Board.

1. Policies and Strategies

The HRCC shall review key human resource policies and strategies proposed by the CEO and make recommendations to the Board for approval or revision. The HRCC shall monitor the ongoing implementation of such policies and strategies.

The HRCC shall review the CEO's proposal for the Corporation's general compensation philosophy, and make any recommendations to the Board for approval or revision.

The HRCC shall ensure that the Corporation has ongoing and appropriate policies and codes with respect to employee business conduct and ethical behaviour and shall review policies and codes in respect of same and make any recommendations to the Board for approval or revision.

2. Compliance and Reports to Audit Committee

On an annual basis the HRCC shall review reports with respect to:

- Compliance with legal requirements and major corporate policies pertaining to human resource matters; and
- Compliance with employee business conduct and ethical behaviour. When required, the HRCC shall direct the CEO to provide a report to the Audit Committee in the event a breach occurs or a concern is raised that warrants such a report.

3. **Succession Plans:** On an annual basis the HRCC shall review the CEO's proposed succession plans and make recommendations, if any, to the Board for approval or revision.

4. **Organizational Structure:** The HRCC shall review and, when warranted, recommend to the Board changes to the Corporation's organizational structure proposed by the CEO.

5. **Matters referred by CEO:** The HRCC shall review any matter concerning human resource and compensation matters that may be referred to it by the CEO.
6. **Reports to the Board:** The HRCC shall report to the Board any recommendations it deems appropriate regarding human resource, management performance and compensation matters.
7. **Compensation and Incentive Pay:** The HRCC shall review and approve the salary ranges proposed by the CEO for senior management employees. The HRCC shall review and approve the total amount of incentive payments to be paid to senior management employees as recommended by the CEO, and the proposed list of employees entitled to receive such payments.
8. **Senior Management Retention or Dismissal:** Review and approve any retention, dismissal or material alteration to the responsibilities of a senior management employee which is proposed by the CEO.
9. **Chair Objectives and Evaluation:**

The HRCC shall:

- Review the Chair's proposed annual statement of Chair objectives and recommend same to the Board for approval or revision which in turn will recommend or amend such statement of objectives for presentation to, and consideration by, the Minister of Transportation;
- Evaluate the performance of the Corporation's Chair having regard to the annual statement of objectives and any other relevant factors;
- Based on such evaluation, recommend to the Board the incentive award payable for the fiscal year, as specified in the Chair's Appointment Order in Council 1795/2006 (the "Chair's Appointment OIC"); and
- Assess and approve the terms of the Chair's appointment, provided such terms shall be consistent with the Chair's Appointment OIC and any additional terms agreed to by the Provincial Public Appointments Secretariat.

10. CEO Objectives and Evaluation:

The HRCC shall:

- Review the CEO's proposed annual statement of CEO objectives and recommend same to the Board for approval or revision;

- Evaluate the performance of the CEO, having regard to the annual statement of objectives and any other relevant factors. 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
- Assess and approve the terms of the CEO's employment, provided such terms shall be consistent with the CEO's Appointment Order in Council 205/2007 and any additional terms agreed to by the Provincial Public Appointments Secretariat or the Board.

11. Reporting: The HRCC will, where appropriate, provide an oral report of each meeting of the HRCC at the next regular Board meeting or as may otherwise be required by the Board.

12. Review of Charter: The HRCC shall review and assess the adequacy of this Charter at least annually. If the HRCC recommends any amendments, the HRCC shall submit a revised Charter to the Board for its approval.

13. Self- Assessment: An evaluation of the HRCC shall be conducted regularly, in which the HRCC shall review its performance for the purpose of assessing whether the HRCC fulfilled the responsibilities and duties set out in this Charter.

14. Independent Counsel or Other Advisors: The HRCC has the authority to engage outside advisors, including but not limited to legal counsel, compensation consultants or other experts.

MEETINGS:

1. Agenda: A written agenda for each meeting of the HRCC will be distributed to the members of the Committee at least five days in advance of the meeting date together with any related materials.

2. Frequency of Meetings: The HRCC will meet at the discretion of its Chair but not less frequently than four times a year.

3. Voting: A matter put to a vote at a meeting of the HRCC shall be decided by a majority of the votes cast and, in the event of an equality of votes, the HRCC Chair has a second vote.

4. Supplemental Attendees: Any person who may possess information that would be useful to the HRCC in carrying out its duties may be invited by the Chair or acting Chair to attend any HRCC meeting. Except where a HRCC meeting relates to matters affecting the Corporation's Chair or the CEO, the CEO shall be invited to attend all HRCC meetings.