

**Draft—for discussion**

## **TAF’S EXECUTIVE COMPENSATION AND PERFORMANCE REVIEW COMMITTEE**

### **Terms of Reference**

**April 2017**

#### **1. Objective of the Executive Compensation and Performance Review Committee:**

The purpose of TAF’s Executive Compensation and Performance Review Committee is to ensure that The Board of TAF develops and implements a senior executive compensation policy that balances the accountable and efficient use of financial resources, with the need to provide the right incentives to encourage excellent executive performance.

#### **2. Governance of the Executive Compensation and Performance Review Committee**

Responsibility for development and implementation of The Atmospheric Fund’s (“TAF”) Executive Compensation and Performance Review Policy rests solely with TAF’s Board of Directors (“the Board”).

#### **3. Delegation**

The Board may appoint an Executive Compensation and Performance Review Committee to oversee activities related to Executive Compensation and Performance Review. The Executive Compensation and Performance Review Committee is a standing sub-committee of the Board. The duties of the Board and the Executive Compensation and Performance Review Committee are as follows:

##### **The Board will:**

- a. Appoint members of the Executive Compensation and Performance Review Committee;
- b. Consider, and approve or reject the Executive Compensation and Performance Review Committee’s recommendations regarding TAF’s Executive Compensation Policy; and
- c. Consider, and approve or reject the Executive Compensation and Performance Review Committee’s recommendations regarding CEO compensation.

##### **The Executive Compensation and Performance Review Committee will:**

- a. Develop and recommend to the Board an Executive Compensation Policy using the Total Rewards Approach set out in the Guiding Principles, adhering to the parameters set out in the guidelines;
- b. Ensure that the Executive Compensation Policy is implemented.
- c. Conduct reviews of the Policy every four years and submit recommendations to the Board for approval to revise the policy as required.
- d. Conduct annual performance reviews of the Chief Executive Officer, and recommend individual compensation levels based on the Board's approved Executive Compensation Policy.

**4. Composition of the Executive Compensation and Performance Review Committee**

- a. The Chair of the Executive Compensation and Performance Review Committee will be the Chair of the Board of TAF.
- b. The Executive Compensation and Performance Review Committee shall comprise three members, including the Chair of the Board of TAF, one citizen member of the TAF Board, and one city council member of the TAF Board.
- c. Members of the Executive Compensation and Performance Review Committee shall be appointed by the Board on the recommendation of the Chair.
- d. Members of the Executive Compensation and Performance Review Committee are appointed for four-year terms and may be reappointed by the TAF Board.

**5. Conduct of the Executive Compensation and Performance Review Committee**

- a. The Executive Compensation and Performance Review Committee will meet at least two times per year.
- b. Meetings of the Committee will consider, as necessary: any required updates to the Executive Compensation Policy, any amendments to the Committee ToR, senior executive annual compensation, senior executive job descriptions, and senior executive performance assessment.
- c. The Chair, with the support of TAF staff and City staff, if required, may engage the services of an independent external consultant to support the development and implementation of TAF's Executive Compensation Policy.
- d. Meetings of the Committee will comply with open and closed meeting requirements under the City of Toronto Act, 2006 and the TAF Act, 2005.
- e. The Chair will report to the Board on behalf of the Committee.

**6. Conflict of Interest**

- a. Members shall familiarize themselves with the [\*Municipal Conflict of Interest Act\*](#)<sup>1</sup> and, to the best of their ability, will comply with its principles and provisions in order to protect the objectivity and impartiality of their judgments.

April 2017

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<sup>1</sup> *Municipal Conflict of Interest Act*, RSO 1990, c M.50.