



**MANDATE OF THE HUMAN RESOURCES AND
COMPENSATION COMMITTEE OF TERVITA
CORPORATION**





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1. PURPOSE

The human resources and compensation committee (the "**Committee**") of Tervita Corporation (the "**Corporation**") is appointed by the board of directors of the Corporation (the "**Board**") to assist the Board in fulfilling its oversight responsibilities with respect to executive compensation matters.

In accordance with National Policy 58-201 *Corporate Governance Guidelines*, the purpose of the Committee is to:

- (a) act in an advisory capacity to the Board;
- (b) together with the Board and the governance committee (the "**Governance Committee**") of the Board, establish assessment criteria to ensure the Board, its committees, the individual directors, the chair of the Board (the "**Chairman of the Board**"), each committee chair and the chief executive officer (the "**CEO**") are effectively performing the duties, competencies and skills expected of them and as set out under their mandates or terms of reference, as applicable, and to encourage continuous improvement;
- (c) assist the Board in fulfilling its oversight responsibilities in relation to compensation and benefits;
- (d) assist the Board assessing the composition of senior management, and identify individuals qualified to become members of senior management with the objective of attaining a proper balance of experiences, competencies and attributes;
- (e) monitor and assess the Corporation's approach to the compensation of its directors, senior management and employees;
- (f) review and approve, prior to public disclosure, all public disclosure on executive compensation and produce a report on executive officer compensation for inclusion in the Corporation's management information circular and proxy statement; and
- (g) conduct an annual performance evaluation of the Committee.

The Committee will also review and/or approve any other matters specifically delegated to the Committee by the Board.



2. COMPOSITION AND MEMBERSHIP

2.1 Number, Appointment and Removal of Members

The Committee shall consist of at least three (3) directors or such greater number as the Board may from time to time determine. The members of the Committee shall be appointed by the Board. At least 25% of the members of the Committee shall be resident Canadians in accordance with the *Business Corporations Act* (Alberta).

Each member of the Committee shall serve at the pleasure of the Board until the member resigns, is removed, or ceases to be a member of the Board. Any member of the Committee may be removed or replaced by the Board of Directors. The Board will fill vacancies on the Committee by appointment from among qualified members of the Board as it may see fit.

2.2 Qualifications and Independence of Members

All of the members of the Committee shall be "independent" directors, as such term is defined in National Instrument 58-101 *Disclosure of Corporate Governance Practices*, which follows the definition of independence found at section 1.4 of National Instrument 52-110 *Audit Committees*.

At least one member of the Committee must have knowledge of, and experience in dealing with, executive compensation matters generally comparable to the issues that can reasonably be expected to be raised on the Corporation's compensation matters.

2.3 Committee Chair

The chair of the Committee (the "**Chair**") shall be appointed by the Board from among the members of the Committee. The Chair shall preside as chair at each Committee meeting, lead Committee discussions on meeting agenda items and report to the Board, on behalf of the Committee, with respect to the proceedings of each Committee meeting. The Chair shall continue as Chair until his or her successor is appointed.

If the Committee's Chair is unavailable or unable to attend a meeting of the Committee, the Chair shall ask another member to chair the meeting, failing which a member of the Committee present at the meeting shall be chosen, by a majority of the Committee present at such meeting, to preside over the meeting.

The Chair is responsible for the management and performance of the Committee in fulfilling this mandate (this "**Mandate**") and any other responsibilities delegated to it by the Board, including:

- (a) establishing the frequency of Committee meetings and reviewing such frequency from time to time, as appropriate;
- (b) collaborating with the Chairman of the Board to review and assess Committee attendance, performance and compensation and the size, composition and suitability of the Committee;



- (c) collaborating with the Chairman of the Board and the senior officer(s) of the Corporation (including the corporate secretary of the Corporation) to ensure information requested by Committee members is being provided and sufficient, and the agenda, information packages and related events for Committee meetings are properly coordinated; and
- (d) maintaining communication with Committee members, other directors and the Chairman of the Board to co-ordinate input from Committee members and directors, and optimize the effectiveness of the Committee.

3. AUTHORITY OF THE COMMITTEE

3.1 Engaging and Retaining Advisors

The Committee may, upon notice to and approval of the Chairman of the Board, engage independent consultants, legal counsel, experts and other advisors when required to provide advice and expertise on the Corporation's compensation practices and to assist in determining the appropriateness of the compensation of its executive officers. The Chair shall pre-approve any work to be performed by the Committee's independent consultant. The independent consultant shall not be permitted to carry out any work that could compromise such consultant's independence as a compensation advisor to the Committee.

The Committee shall have sole authority to approve related fees and retention terms of any such consultant or advisor.

3.2 Access

The Committee shall have unrestricted and direct access to the Corporation's personnel and documents and the resources necessary to carry out its responsibilities.

3.3 Subcommittees

The Committee may form and delegate authority to subcommittees if deemed appropriate by the Committee, subject to applicable laws and regulations and any restrictions imposed by any applicable regulatory authority or stock exchange requirements. No subcommittees shall consist of fewer than two (2) members.

3.4 Investigation

The Committee, at the request of the Board or on its own initiative, shall have the authority to direct and to supervise the investigation into any matter brought to its attention within the scope of its duties.

4. REMUNERATION OF COMMITTEE MEMBERS

Members of the Committee and the Chair shall receive such remuneration for their service on the Committee as the Board may determine from time to time.



5. MEETINGS

5.1 Committee Meetings

The Committee shall meet at least two (2) times annually, or more frequently if determined necessary to perform its duties. A meeting may be called by the Chair, any member of the Committee, the Chairman of the Board or the CEO.

The CEO shall be available to advise the Committee, shall receive notice of meetings and may attend meetings at the invitation of the Chair. The Committee may invite to a meeting any other directors, officers or employees of the Corporation, legal counsel, advisors and other persons whose attendance it considers necessary or advisable in order to carry out its responsibilities.

Notwithstanding the foregoing, the Committee shall, as practicable, hold an *in camera* session, without management present, in connection with all Committee meetings.

5.2 Notice

A notice of time and place of every meeting of the Committee shall be given in writing to each member of the Committee at least two (2) business days prior to the time fixed for such meeting, unless waived by a member entitled to attend. Attendance of a member of the Committee at a meeting shall constitute waiver of notice of the meeting except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not properly called.

5.3 Quorum

Unless otherwise resolved by the Board, a quorum for meetings of the Committee shall be a majority of its members present in person or by telephone or video conference.

5.4 Decisions

Unless otherwise resolved by the Board, decisions of the Committee shall be determined by a majority of the votes cast.

Subject to the requirements of any applicable laws, regulations or rules, any action required or permitted to be taken at a meeting of the Committee may be taken without a meeting if consent in writing, setting forth the action so taken, is signed by all of the members of the Committee. Such written consent shall have the same force as a unanimous vote of the Committee. A copy of any such written consent shall be kept with the minutes of the proceedings of the Committee.

5.5 Minutes

The Committee shall appoint a member of the Committee, the corporate secretary of the Corporation, or another person acceptable to the Committee to act as secretary at each meeting for the purpose of recording the minutes of each meeting. Minutes of every meeting shall be kept with the Corporation's corporate records.



The minutes of Committee meetings shall be in sufficient detail to convey the substance of all discussions held, and shall accurately record the decisions reached, as well as attendance of members of the Committee at each meeting. The minutes of Committee meetings shall be distributed to members of the Board.

5.6 Reporting

The Chair will regularly report the Committee's activities and recommendations to the Board by distributing the minutes of its meetings and or by oral or written report to the Board.

6. SPECIFIC DUTIES AND RESPONSIBILITIES

The Committee is responsible for performing the duties set out below as well as any other duties that are otherwise required by law or are delegated to the Committee by the Board.

7. HUMAN RESOURCES AND COMPENSATION MATTERS

7.1 Compensation Decisions

The Committee is entitled to rely in good faith on information and advice provided to it by management, consultants, legal counsel and other advisors as the Committee considers appropriate, but may not make compensation recommendations and decisions that are the subject of the this Mandate solely in reliance on such information and advice.

7.2 Performance Based Compensation

The Committee shall assess the linkage of pay to performance to ensure that total compensation packages vary appropriately with corporate performance outcomes. Among other requirements associated with such performance based assessments, the Committee shall:

- (a) review meaningful and measurable corporate goals for performance based compensation and the payment tied to the achievement of those goals;
- (b) review the potential results of its compensation programs under a variety of scenarios to ensure that the Committee has an understanding of the linkage between shareholder interests and senior management payouts; and
- (c) together with the Board and the Governance Committee, ensure that significant leverage has been built into the compensation package for exceptional performance, versus "ordinary" performance, versus inadequate performance and ensure that the intended relationship between pay and performance is appropriate and that, in aggregate, the resulting compensation package under various performance scenarios is



reasonable, not excessive, and will deliver the intended differentiation of compensation value based on corporate performance.

7.3 Compensation of Chief Executive Officer

The Committee shall recommend for approval to the Board:

- (a) annually review and approve corporate objectives and objectives specific to the CEO in connection with CEO compensation;
- (b) assist the Board in evaluating the CEO's performance in light of those objectives;
- (c) assess and recommend to the Board the CEO's compensation level (considering all elements of the compensation package) based on the Board's evaluation of the CEO's performance in light of applicable objectives; and
- (d) in determining the long-term incentive component of the CEO's compensation, consider:
 - (i) the Corporation's performance and shareholder return;
 - (ii) the value of similar incentive awards to CEOs at comparable companies and among the Corporation's industry peers; and
 - (iii) the awards given to the CEO of the Corporation in past years.

7.4 Director and Non-CEO Officer Compensation Matters, Non-Equity Compensation Plans and Equity-Based Compensation Plans

The Committee shall recommend for approval to the Board:

- (a) after reviewing the recommendations of the CEO, each element of total compensation for executive officers other than the CEO based on individual performance, the performance of the Corporation and an analysis of the compensation paid to such executive officers relative to a peer group of companies;
- (b) each element of total compensation for all directors, with such recommendation having been determined together with the Governance Committee;
- (c) non-equity based compensation plans; and
- (d) equity-based compensation plans.

Within any limits prescribed by the Board, the Committee may recommend grants of equity and incentive compensation awards in accordance with Board-approved equity and incentive compensation plans. Any stock options granted shall be granted and



approved by the Board which shall be set by the Committee or the Board subject to applicable laws, regulations and the Corporation's blackout policy (as set out in the Corporation's *Insider Trading Policy*) concerning blackout dates and undisclosed material information.

7.5 Annual Bonuses

The Committee shall recommend approval to the Board of the payment of annual bonus amounts to all participants in accordance with the Corporation's annual bonus plan and in light of the Corporation's performance.

The Committee shall administer the Corporation's executive officer incentive and other compensation-related plans, if any, and shall report to the Board annually on whether incentives and bonuses awarded or paid to the CEO and each of the other executive officers have been awarded or paid in accordance with the applicable plans.

In reviewing the incentives and bonuses awarded or paid to the CEO and each of the other executive officers under the applicable plans, the Committee shall ensure that if any allocation of incentives is made in respect of a particular component of an applicable plan, consideration is given for the minimum business performance levels determined under that component. The Committee shall ensure that incentives and bonuses adequately award exceptional performance levels in relation to the components of an applicable plan.

The Committee shall also review and report to the independent directors of the Board on any malfeasance event that could lead to required disgorgement of bonus, incentive-based or equity-based compensation by the any of the Corporation's executive officers, in accordance with the governing plan for such events.

7.6 Review of External Advisors

The Committee shall:

- (a) conduct an annual review of all work performed by and all fees paid to the independent compensation consultant retained by the Committee (referred to in Section 3.1 above);
- (b) annually, and on an as-needed basis, specify the work to be undertaken for the Committee by such independent consultant and agree with such consultant the fees associated with this work; and
- (c) report annually to the Board, for inclusion in appropriate public documents on: (i) the identity of the independent compensation consultant; (ii) the independent compensation consultant's mandate; and (iii) the amount of fees paid to the independent compensation consultant for all work done for the Committee.



7.7 Best Practices

The Committee shall review its compensation philosophies, policies and procedures for consistency with current, independent and qualified views of best practices. In particular, the Committee shall:

- (a) annually familiarize itself with the best practice views of institutional shareholders and corporate governance institutes and associations in respect of the oversight of executive compensation;
- (b) annually assess the Corporation's executive compensation levels against other companies of similar size and complexity in similar industries to ensure overall competitiveness of remuneration in comparison to the defined market;
- (c) consult with compensation consultants, legal counsel and any other advisors retained by the Committee with respect to compensation matters to regularly review the current state of affairs on best practices in executive and employee compensation; and
- (d) adopt, implement and utilize, as necessary and appropriate, approaches, practices and tools to facilitate thoughtful and informed decision-making in respect of the oversight of executive and other employee compensation, including with respect to the relative balance between annual and long-term compensation.

7.8 CEO Terms of Reference and Long-Term Goals

At the request of the Board, the Committee shall, in consultation with the CEO, make recommendations to the Board with respect to:

- (a) the position description for the CEO, including
 - (i) defining the limits of management's responsibilities, and
 - (ii) overall corporate goals and objectives that the CEO is responsible for meeting, taking into consideration goals and objectives relevant to CEO compensation; and
- (b) long-term development goals specific to the CEO.

7.9 Senior Management Succession Planning

In consultation with the Chairman of the Board and the CEO, the Committee shall recommend to the Board candidates for senior management positions within the Corporation and its subsidiaries, keeping in mind the competencies and skills each new candidate will bring to the Board and the ability of the candidate to devote sufficient time and resources to his or her duties as an officer.



8. OTHER MATTERS

At the request of the Board, the Committee shall assist in the regular review of the various policies of the Corporation, and, at the request of the Audit Committee or management, assist in responding to any human resources related matters received in connection with the Corporation's *Whistleblower Policy* or raised anonymously through the Confidence Line.

9. COMMITTEE WORK PLAN

The Committee shall annually develop a work plan to identify and set timeframes for the duties it is responsible for performing, including but not limited to compensation reviews, stress-tests of potential compensation packages and continuing education programs. The Committee shall regularly monitor its compliance with performing such duties within the timeframes specified in the work plan.

10. COMPENSATION DISCLOSURE

10.1 Executive Compensation Disclosure

The Committee shall review and recommend to the Board for approval, any public disclosure of information relating to the Corporation's executive compensation, including the disclosure to be included in the Corporation's management information circular and/or annual information form before the Corporation publicly discloses this information.

10.2 Compensation Discussion and Analysis

The Chair shall, in the absence of extenuating circumstances, be available to answer questions regarding the Corporation's Compensation Discussion and Analysis, at the annual meeting of shareholders.

11. ANNUAL PERFORMANCE EVALUATION

On an annual basis, the Committee shall follow the process established and adopted by the Board for all committees of the Board for assessing the performance and effectiveness of the Committee, including a review of its compliance with this Mandate.

12. MANDATE REVIEW

This Committee shall review and assess the adequacy of this Mandate annually and recommend to the Board any changes it deems appropriate, including to account for best practice guidelines recommended by, and to comply with any rules or regulations disseminated by, securities regulators and stock exchanges, to the extent appropriate for the Corporation.

13. STANDARD OF LIABILITY

This Mandate is a statement of broad policies and is intended as a component of the flexible governance framework within which the Board, assisted by its committees,



directs the affairs of the Corporation. Subject to all applicable laws, regulations and listing requirements, as well as the Corporation's articles and by-laws, it is not intended to establish any legally binding obligations.