

**TERMS OF REFERENCE:
HUMAN RESOURCES AND COMPENSATION COMMITTEE**

I. PURPOSE

- A.** The purpose of the Human Resources and Compensation Committee (the “**Committee**”) is to assist the Board in fulfilling its obligations relating to the human resources and compensation matters that will enhance the performance of British Columbia Lottery Corporation (“**BCLC**”).
- B.** The Committee will:
- i. oversee recruitment, compensation and performance of the President and Chief Executive Officer (“**CEO**”);
 - ii. oversee the CEO’s management of the Vice Presidents reporting to the CEO (“**Executive Management**”);
 - iii. ensure BCLC has effective and appropriate human resources policies and processes in place, including with respect to:
 - a) development and succession planning;
 - b) overall people strategy;
 - c) key policies;
 - d) performance management and engagement; and
 - e) compensation (including benefits and retirement plans) (“**Total Compensation**”);
 - iv. oversee BCLC’s pension plan; and
 - v. ensure BCLC meets its public disclosure requirements related to human resources;
- all as more particularly set out below.

II. COMPOSITION AND OPERATIONS

- A.** The Committee shall be composed of not fewer than three Directors and not more than five Directors.
- B.** All members of the Committee will have an understanding of issues related to human resources, or related business experience, or be willing to acquire the requisite knowledge within a reasonable period of time.
- C.** The Committee has access to Management and documents as required to fulfill its responsibilities and is provided with the resources necessary to carry out its responsibilities.
- D.** The Secretary to the Committee will be the Corporate Secretary or his/her delegate.
- E.** The Committee may retain and compensate such outside legal or other advisors as it considers necessary in discharging its oversight role.

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III. DUTIES AND RESPONSIBILITIES

Subject to the powers and duties of the Board, the Committee will:

A. CEO Oversight

- i. recommend to the Board the process to be undertaken to recruit the CEO, including composition of a search committee if applicable;
- ii. through the Board Chair or his/her delegate, liaise with Government as required regarding the CEO's employment agreement;
- iii. review and recommend to the Board the process to be undertaken to evaluate performance of the CEO;
- iv. review and recommend to the Board for approval the annual goals and objectives for the CEO ("**CEO Objectives**");
- v. assess the CEO in accordance with the Board-approved Performance Evaluation Process for the CEO;
- vi. review and recommend to the Board for approval the CEO's Total Compensation, subject to applicable Government requirements and approvals;
- vii. review the CEO's Declaration Form pursuant to the Standards of Ethical Business Conduct prior to signature by the Board Chair;
- viii. review the CEO role profile and CEO Terms of Reference annually and make recommendations to the Board as required; and
- ix. review and provide a recommendation to the Board as to whether to approve any significant outside commitments the CEO is considering before they are made, including acting as a director or trustee of for-profit and not-for-profit organizations;

B. Executive Management

- i. review and recommend to the Board for approval any significant changes to the Executive Management structure that are recommended by the CEO, including appointments of officers;

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- ii. ensure the CEO has appropriate processes in place, in compliance with any applicable Government requirements, for:
 - a) the recruitment of Executive Management;
 - b) employment agreements of Executive Management;
 - c) performance management of Executive Management;
 - d) succession and development planning for Executive Management; and
 - e) termination of Executive Management, including determining Executive Management severance;
- iii. annually review with the CEO the results of Executive Management performance evaluations; and
- iv. annually review with the CEO the planned Total Compensation of Executive Management for the next fiscal year;

C. Development and Succession Planning

- i. ensure a development plan is in place for the CEO; and
- ii. annually review the succession plan to address a planned or unplanned departure of the CEO;

D. Human Resources Policies and General Oversight

- i. annually review BCLC's overall people strategy, ensuring it is aligned with the corporate strategy;
- ii. annually confirm with Executive Management that BCLC's human resources policies are aligned with its strategy and comply with legislation;
- iii. review and recommend to the Board for approval any material amendments to the Standards of Ethical Business Conduct;
- iv. annually review the results of the engagement survey and confirm appropriate follow-up is taken by Management; and
- v. on a quarterly basis, review BCLC's occupational health and safety program;

E. Compensation

- i. annually review and recommend to the Board for approval the Total Compensation plan, ensuring it meets applicable Government requirements;

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- ii. annually review and approve the salary plan (including, if applicable, merit increase budget) for the upcoming fiscal year;
- iii. annually review and approve the resource plan (proposed FTE) for the upcoming fiscal year;
- iv. review and recommend to the Board for approval any material changes to benefit programs; and
- v. for purposes of administering the CEO/Executive/Management incentive holdback plans, review and recommend to the Board for approval:
 - a. the corporate objectives for the next fiscal year;
 - b. the CEO Objectives; and
 - c. the incentive holdback plan payout after fiscal year-end results are confirmed;

F. Pension Plans

- i. appoint the members of the Pension Committee; and
- ii. support Board oversight of BCLC's pension plans in accordance with the Board-approved pension plan governance structure; and

G. Disclosure

- i. ensure BCLC's public disclosure requirements related to human resources, including the annual executive compensation disclosure statement required by the Public Sector Employers' Council, are met.

IV. ACCOUNTABILITY

The Committee will:

- i. report its discussions to the Board following each Committee meeting by oral or written report at the next Board meeting;
- ii. on an annual basis, review the Terms of Reference for the Committee and make recommendations to the Board as required; and
- iii. confirm to the Board on an annual basis, the Committee's fulfillment of its mandate for the preceding year.

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V. EDUCATION

The Committee will regularly update its members with leading practices and educational requirements of Human Resources and Compensation Committees generally in Canada and specifically with respect to BCLC in order that the members are able to carry out their responsibilities as set out in this Terms of Reference efficiently and effectively.

VI. COMMITTEE TIMETABLE

The timetable on the following page outlines the Committee's anticipated schedule of activities during the year.

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	As needed	January	May	July	October	December
A. CEO Oversight						
i. recommend CEO recruitment process	✓					
ii. liaise with Government re CEO employment agreement	✓					
iii. recommend CEO evaluation process		✓				
iv. recommend CEO Objectives		✓				
v. assess CEO performance			✓			
vi. recommend CEO Total Compensation			✓			
vii. review the CEO's Declaration Form pursuant to the Standards of Ethical Business Conduct	✓		✓			
viii. review CEO role profile and CEO Terms of Reference				✓		
ix. provide recommendation regarding any CEO outside commitments	✓		✓			
B. Executive Management						
i. recommend any significant changes to the Executive Management structure	✓					
ii.a. review CEO's process for recruitment Executive Management	✓					
ii.b. review CEO's process for employment agreements of Executive Management	✓					
ii.c. review CEO's process for performance management of Executive Management		✓				
ii.d. review CEO's process for succession and development planning for Executive Management			✓			
ii.e. review process for termination of Executive Management	✓					

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	As needed	January	May	July	October	December
B. Executive Management (Continued)						
iii. review Executive Management performance evaluation results			✓			
iv. review planned Total Compensation of Executive Management			✓			
C. Development and Succession Planning						
i. review CEO development plan			✓			
ii. review CEO succession plan					✓	
D. Human Resources Policies and General Oversight						
i. review overall people strategy					✓	
ii. review Executive Management's report re human resources policies				✓		
iii. recommend any changes to SOEBC	✓					
iv. review engagement survey results			✓			
v. review occupational health and safety program		✓	✓	✓	✓	
E. Compensation						
i. recommend Total Compensation philosophy					✓	
ii. approve the salary plan					✓	
iii. approve the resource plan						✓
iv. recommend any material changes to benefit programs	✓					
v.a. recommend corporate objectives		✓				
v.b. recommend CEO Objectives		✓				
v.c. recommend incentive holdback plan payout			✓			

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As needed	January	May	July	October	December
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F. Pension Plan						
i. appoint the members of the Pension Committee	✓					
ii. support Board oversight of BCLC's pension plans in accordance with the Board-approved pension plan governance structure	✓					
G. Disclosure						
i. review executive compensation disclosure statement and other disclosure requirements (if any)			✓			
ACCOUNTABILITY						
review Committee Terms of Reference				✓		
confirm Committee's fulfillment of its mandate to the Board (at Board Meeting)			✓			