

Governance, Regulatory Affairs & Nominations Committee Terms of Reference

Purpose

The Governance, Regulatory Affairs & Nominations Committee (the Committee”) has been established to provide guidance to the Board of Tarion (“the Corporation”), and to make recommendations to the Board of Directors within these Terms of Reference and within the By-laws of the Corporation related to governance matters affecting the Corporation. The Committee is also responsible for assisting the Board in fulfilling its oversight responsibilities with regard to Tarion’s specific regulation-making powers as provided in the *Ontario New Home Warranties Plan Act*.

Committee Mandate

The Governance, Regulatory Affairs & Nominations Committee has the following responsibilities:

Governance Practices

- a) Develop and monitor the effectiveness of Tarion’s system of corporate governance, including making recommendations to the Board of Directors on appropriate and necessary governance policies; governance structure and board committees.
- b) Oversee the development and implementation of orientation procedures for new Directors as well as the development and implementation of Director training policies and programs.
- c) Provide input to the Board of Directors and Nominations Committee on an appropriate Director nomination process to ensure that the Board has the appropriate skills and background to address the business issues of the Corporation, including expertise in the areas of insurance, claims management, governance, consumer issues, new home construction, risk management and financial matters.
- d) Recommend to the Board of Directors the Board evaluation process to be followed by the Board each year in keeping with the requirements of the Administrative Agreement to the Ministry dated February 26, 2021, and be responsible for the conduct of this process ensuring the results of the evaluation are acted on, and that a policy is in place to proactively address full Board and individual Director training and development.
- e) Governance Improvements – recommend to the Board, based on current trends and needs of the Board, the improvements that the Board should be addressing each year arising from the Board evaluation process, as well as from best-practice trends in corporate governance in Canada.
- f) Develop, maintain and update as necessary the Code of Conduct and Governance Practices of the Corporation, to ensure that every Director executes a copy of the Code each year, and agrees to abide by each of its principles.
- g) Such other responsibilities as may be delegated to it from time to time by the Board.

Regulatory Responsibilities

1. To establish a policy that provides due diligence on behalf of the Board of Directors for the planning, research, stakeholder consultation and implementation of each proposed regulation change.
2. To evaluate the adequacy and effectiveness of current or proposed legislation or regulations, to ensure compliance with the mandate of the Corporation.
3. To ensure that Tarion is meeting its regulatory obligations and responsibilities as set out in its mandate.
4. Consider and make recommendations to the Board each year with respect to an Annual Regulatory Plan to be prepared by management.
5. Consider submissions from management, the Board, Committees of the Board, and the Government of the Province of Ontario, as to suggested regulations or regulation changes and the advisability of proceeding with the same. The Committee may also consider regulation changes suggested by stakeholder organizations.

Nominations Responsibilities

1. Recommend to the Board of Directors procedures for the recruitment of Director candidates to the Board of Directors of Tarion providing oversight over the election process.
2. Recommend to the Board of Directors the appropriate qualifications and selection criteria for Directors.
3. Maintain an inventory of existing Board competencies (knowledge, skill and experience).
4. Reviewing the diversity of the Board with respect to gender, geographic, age and other cultural criteria identified.
5. Identify the board positions that will be up for election at the Annual Meeting of Members either through the term of office expiring or due to a board member vacating a position prior to its term conclusion.
6. Interview prospective candidates for recommendation to the Board of Directors.
7. In exercising its responsibilities as a nominating committee, the Committee shall have regard to the nominations principles and guidelines attached as **Appendix A.**

Committee Authority

1. The Committee's authority will be such as is delegated to it by the Board of Directors.
2. The Committee is accountable to the Board of Directors and has the authority to consider and report on all matters of governance policies and practices and regulatory changes.

3. The Committee may direct management or others to undertake investigations into any matters with the scope of the Committee's responsibility.
4. The Committee may direct management or others to conduct hearings or information gathering sessions with stakeholder representatives chosen by the Committee or management to determine the effect of each proposed regulation or regulation change on each of its stakeholders and on the Ontario public generally.
5. The Committee may seek any information it requires in conducting its business from external parties or from management or employees.
6. The Committee will utilize the services of Tarion's General Counsel as an advisor to the Committee, as it deems necessary.
7. With the authorization of the Board, the Committee may engage outside experts to assist the Committee in carrying out its responsibilities provided that the terms and conditions of any such engagement will be subject to the approval of the Board of Directors.
8. The Committee Chair has the authority to speak to Directors who act out of self-interest, with distraction, but more importantly potential diversion of fiduciary duty and its effect on the Committee. If a Director cannot refrain from pursuing self-interest, the Committee Chair shall advise the Board Chair.
9. The Committee Chair will remind Directors they are allowed four questions including follow-ups.
10. The Committee has the authority to recommend to the Board any matters delegated to it by the Board of Directors.

Committee Composition

1. The Committee will be composed of five members of the Board and will include the Board Chair, one ministerial appointed Director and three other Directors of which two are not up for reappointment. In all cases at no time may the majority of committee members be made up of Ministerial appointees or individuals who are "Ontario Builders" as that term is defined in section 4.05 of By-Law #1.
2. The members of the Committee will be appointed annually by the Board of Directors.
3. The Chair and Vice-Chair of the Committee will be appointed annually by the Board of Directors.
4. The President and CEO will be invited to attend all meetings of the Committee.
5. A quorum for the Committee will be 50% of its members.
6. Any member of the Committee may be removed or replaced at any time by the Board of Directors. A committee member will cease to be a member of the Committee as soon as such member ceases to be a director.

Committee Administration

1. The Committee will meet four times per year but may call additional meetings as required, at the call of the Committee Chair or Chair of the Board of Directors.
2. A meeting agenda will be prepared and provided to members in advance of each Committee meeting, along with appropriate briefing materials.
3. The Secretary of the Corporation will attend all meetings of, and act as Secretary to the Committee, unless excused by the Chair of the Committee.
4. The Committee has the right to retain experts in fields related to the Committee mandate to provide advice when considered reasonable and necessary to undertake the mandate of the Committee.
5. Minutes will be recorded at each meeting of the Committee and will be accepted and approved by the Committee at its next meeting. The Minutes will be distributed to the Board of Directors at its next meeting.
6. The Committee Chair will report to the Board of Directors on any meetings of the Committee held between Board meetings. The Chair may provide an oral report to the Board on matters not yet minuted and may elect to report on in-camera matters during in-camera meetings of the Board.
7. Committee Members will treat all discussions and resolutions of the Committee in confidence and will not disclose any information relating to any materials tabled at the meeting, until the release of such information is authorized by the Chair of the Board of Directors of the Corporation.
8. Where a Committee member believes that he or she may be involved in a potential conflict of interest regarding a matter that is under consideration by the Committee, then that member will declare the possibility of a conflict and, if it is determined by the Committee that a conflict does exist, such member will leave the meeting for the duration of the discussion on the issue, or, with the approval of the Chair, remain in the meeting but refrain from participating in the discussion related thereto, and will not vote on any decision or resolution arising therefrom
9. The Annual Report will include a report on the number of meetings of the Committee and the individual Director's attendance.
10. An In-camera session will be held at each meeting at the discretion of the Committee Chair.

MONITORING METHODOLOGY

Governance Committee Review:	01/21/11; 09/20/12; 04/04/13; 04/02/14; 04/01/15; 04/06/16; 04/06/17; 04/05/18; 04/04/19; 04/04/19; 01/30/20; 04/09/20; 10/23/20; 04/01/21; 04/05/22
Board of Directors Approval	01/27/11; 10/04/12; 04/25/13; 04/16/14; 04/16/15; 04/21/16; 04/27/17; 04/25/18; 04/25/19; 02/20/20; 04/23/20; 10/29/20; 04/22/21; 04/28/22

Nominations Principles & Guidelines:

Solicitation of Nominations

1. Where possible the solicitation of nominations will be done by an open call for nominations.
2. It is preferred when setting up the nominations intake process that a reputable third-party be used.
3. Sufficient time will be allotted to ensure that there is a reasonable opportunity to obtain a range of nominees
4. The call for nominees will be published on the Tarion website, and other means, (Institute of Corporate Directors, home building associations).
5. In soliciting nominations, the Committee shall invite established consumer advocacy or interest groups to provide nominees, including the Consumer Advisory Council of Tarion, the Consumers Council of Canada, and other bodies recognized in the field.
6. In soliciting nominations for the Builder Class, the Committee shall invite established builder associations, including the Industry Advisory Council of Tarion, to provide nominees, including associations like OHBA, other local Home Builder Associations (HBAs), RESCON and/or other recognized bodies.

Consideration of Nominations

1. In the consideration of the nominations the Committee will:
 - a. First have due regard for compliance with the applicable Minister's Orders with respect to Board Composition;
 - b. Second have due consideration for ensuring that the Board skill matrix is appropriately represented; and
 - c. Third, will give due consideration to the Board's commitment to diversity and inclusion at the Director level.
2. When considering nominees for Directors who satisfy the need for consumer advocacy/orientation, the Committee shall be open to consumer critics, and not exclude from consideration a nominee solely on the basis that the nominee may have taken a public position critical of Tarion in the past.
3. When considering nominees for Directors who satisfy the role of the "Builder Class" as defined in By-Law No. 1, the Committee shall:
 - a. All things being equal, prefer the nominees where the builder experience relates to experience as a registrant, where that experience has occurred within the past 7 years;
 - b. All things being equal, prefer nominees who in addition to possessing relevant industry and building experience, have corporate governance experience (for example obtained through work on corporate boards, not-for-profit boards, or through

work on association boards of governance such as the boards or committees of home building associations.

- c. When populating the builder class nominees, have regard to the general type of building experience (condo or freehold), the geography (GTA, urban, rural) and the size of projects (small, medium, large) and shall strive to maintain a balance of experience and skill at the Board level.
- d. When considering nominees, make reasonable efforts to obtain reference checks relevant to their experience including checking with the municipalities in the areas in which the nominee has worked, and where the nominee is or was a member of an HBA, with the HBA.
- e. When considering nominees, exclude from consideration any nominee who was previously convicted of illegal building activity or was associated with a vendor or builder so convicted.

Governance, Regulatory & Nominations Committee Work Plan - 2022

January Meeting (Jan 26)		
1.	Review Applications for the Board of Directors	
2.	Selection of Governance Consultant (if applicable)	
3.	Governance Budget – YTD Actuals vs Budget	
4.	Review of Annual Report Governance Section	
5.	Annual Regulatory Plan	
6.	Annual Review of Policies & Position Descriptions	
7.	Review of Board Evaluation Results	
8.	Review of Constatng Documents	
9.	Review of Proposed Plan for Board & Director Evaluation	
10.	Review of Annual Regulatory Plan	
11.	Recurring Items*	
February Meeting (Feb 24)		
1.	Candidate Interviews	
April Meeting		
1.	Report of the Nominations Committee – recommendation to the Board	
2.	Review of Board/Committee Evaluation Process	
3.	Annual Review of Board Standing Committees Terms of Reference	
4.	Bylaw Amendments/ONCA Review	
5.	Preparation for Annual Public Meeting	
6.	Resolutions, if any, to be brought to Annual Meeting of Members	
7.	Review of Director Orientation	
8.	Input into Board Planning Session	
9.	Committee & Committee Chair Assignments	
10.	Governance Budget – YTD Actuals	
11.	Review of 2023 Meeting Dates	
12.	Recurring items	
September Meeting		
1.	Review of Committee’s Terms of Reference	
2.	Review of Annual Public Meeting	
3.	Review of Director Election Process	
4.	Review of Competency Framework	
5.	Board and Board Committee Evaluation Process Preparation	
6.	Review of Board Training and Development	
7.	Board Calendar	
8.	Governance Budget – YTD Actuals	
9.	Governance Budget – Input into following year’s budget	
10.	Director Candidate Application Package Review	
11.	Recurring items*	
November Meeting		
1.	Finalization of Corporate Calendar if necessary	
2.	Board and Committee Evaluation	
3.	Governance Budget – YTD Actuals	
4.	Recurring items	
*Recurring Items		
1.	Consider any Governance & Regulatory issues as brought to the Committee	
2.	Policy review, if required	
3.	Review of any matters from the Board or Board Committees, if required	
4.	By-Law Amendments, if required	
5.	Adoption of Meeting Minutes	
6.	Regulation Changes, if required	
7.	Review of Administrative Agreement Accountabilities	

