

Tarion Industry Advisory Council (“IAC”)

Terms of Reference

Purpose

The Industry Advisory Council (“Council”) shall serve as a sub-committee of the Stakeholder Committee (“Committee”) of the Board of Directors (“Board”) of Tarion Warranty Corporation (“Corporation”) and provide ongoing advice, on proposed policy or other changes impacting new home builders.

Council Mandate

The Council will:

1. Provide feedback on development process and proposed policy and regulatory changes within the framework of the Corporation’s Annual Regulatory Plan and Business Plans.
2. Provide feedback on consultation plans prepared to support policy and regulatory changes.
3. Provide advice on emerging new home builders’ policy issues brought forward to the Council by the Committee.
4. Identify and recommend topics or policy issues to the Committee that would enhance industry confidence in Ontario’s new home warranty and protection.
5. Make recommendations to the Committee for topics or areas of research and review which may be beneficial for the ongoing improvement of the warranty program and its administration; including recommending the use of third-party experts, surveys, or the creation of focused think tanks or advisory bodies.
6. Review the results of the key surveys initiated by the Corporation in connection with services and interactions with registered builders and other stakeholders and provide feedback, advice and/or recommendations to the Committee for improvement to the surveys and other matters arising from that review as needed.
7. Provide recommendations to the Committee for areas of improvement or review to be considered in the development of the Corporation’s annual business plans and/or long-term strategic planning.

8. Evaluate the Council's and Council Member's effectiveness and contribution once every two years.

Council Authority

9. The Council's role is advisory. The Council's advice and recommendations will be forwarded to the Committee for review, consideration and further discussion.
10. The Council has the authority to develop its own workplan with a view to accomplishing its mandate. In developing its workplan, the Council will take into consideration (among other things) the Corporation's Regulatory Plan, business plan, input from management and the Committee. The Council's workplan will be provided to the Committee for review and approval.
11. The Council is accountable to the Committee.

Council Composition

12. The Members of the Council shall be appointed annually by the Board upon review and recommendation of the Committee. Council Members may be appointed for up to six years (e.g., three, two-year terms), with renewal of successive terms not automatic but contingent on performance and contribution to the work of the Council.
13. The Committee may designate a sub-committee, whose membership shall be established in the Committee's sole discretion, for the purpose of (i) assessing Council Member candidates against desired competencies, attributes and diversity; (ii) interviewing prospective Council Member candidates; and (iii) recommending appointments to the Council, assessing the effectiveness of, and, if or when appropriate, terminating appointments to the Council, or (iv) assuming responsibility for the foregoing activities at the Committee's sole discretion.
14. The Committee shall strive for sufficient diversity in membership of the Council, including but not limited to, gender, ethnicity, age and geographic diversity.
15. The Chair of the Council shall be nominated from amongst the Council's Members and approved by the Committee. The initial term of the Council Chair shall be two years, followed by two one-year terms to a maximum of four years. The Council shall

elect a Vice-Chair from amongst the Council's Members and have the same term limitations.

16. Each Member of Council shall possess a Building Sector Competency in either Freehold Homes or Condominiums. Building Sector Competency is defined as:
 - i. Building Sector Freehold Homes: having worked for a registered vendor or builder of freehold homes in a role that involved the arranging for, managing or undertaking the construction, sale, or after-sale warranty and customer service management of a freehold home (including custom or contract homes);
or
 - ii. Building Sector Condominiums: having worked for a registered vendor or builder of condominiums in a role that involved arranging for, managing, or undertaking the construction of a new condominium dwelling unit and common elements, or selling or transferring the condominium dwelling unit and common elements, or managing the after sales warranty and customer service management of such units.
17. Each Member of Council shall possess attributes necessary to the effective functioning of the Council including independent thinking, orientation towards consensus, communication and teamwork skills.
18. An orientation program shall be provided by Management to each new Council Member. Ongoing education shall be provided by Management to incumbent Council Members. Orientation and educational activities shall form part of the Annual Report from the Council to the Committee and the Board.
19. The Council shall be composed of seven (7) Members.
20. The Council shall be comprised of individuals who are (i) new home builders or (ii) new home builder employees with relevant expertise including in sales/marketing or after sales/warranty service. To the extent possible, the specific composition will take into consideration a balancing of new home builder perspectives and will endeavour to provide representation from small and medium size builders, as well as representation from various regions in the province. Taking into consideration the balance of these factors, the specific composition of Council should strive to include:

- At least two new home builders of condominium dwelling units who have experience with Ontario's new home warranty and protection program framework;
 - At least three new home builders of freehold homes who have experience with Ontario's new home warranty and protection program framework;
 - A senior sales/marketing executive employed by a builder who has expertise in sales and executing agreements of purchase and sale;
 - A senior customer service executive employed by a builder who has expertise in after sales/warranty service.
21. The name of each Council Member, and their Council term, shall be published on the Corporation's website.
 22. The Council and each Member shall always act bearing in mind the public interest mandate of Ontario's New Home Warranty Program, and not with a view to the best interests of any particular stakeholder (including new home builders) or their own personal interests, and with a particular emphasis on consumer protection.
 23. The Council and each Member of the Council, shall not speak on behalf of the Corporation, nor allow their views to be construed to be views on behalf of the Corporation
 24. Without limitation, all deliberations, reports and documentation of the Corporation provided to the Council, which are not in the public domain, shall be maintained in the strictest of confidence. Council Members shall not share with any external stakeholder knowledge or information they learn solely through their participation as Council Members, which is not in the public domain.
 25. Each Member of Council shall read and sign a Confidentiality Agreement and Conflict of Interest Declaration before assuming a position on the Council, and attest to compliance with the foregoing annually thereafter.
 26. Each Member of the Council shall affirm, at inception and annually thereafter, compliance with the Corporation's Code of Conduct.
 27. Each Member of the Council shall demonstrate credibility, integrity and high ethical standards in the individual Council Member's business dealings and personal affairs.
 28. A member of the Committee (or designate) may attend each Council Meeting as an observer.

29. No current member of the Board may sit on the Council.
30. Individuals who have been board members, officers or directors, or employees of either Tarion or HCRA in the past two (2) years will not be considered for the Council.
31. Individuals may not serve on Tarion's Industry Advisory Council while serving on Tarion's Consumer Advisory Council.
32. Individuals may not serve on Tarion's Industry Advisory Council while serving on an Advisory Council of the Home Regulatory Construction Authority.

Council Administration

33. The Council's year is May 1 to April 30. The Council will meet four times a year in person or may meet virtually for shorter timeframes to tend to its business. Special requests for engaging the Council in part or in whole, whether initiated by the Chair, by the Committee or by Management under direction of the Committee outside of the pre-scheduled meetings (whether in person or virtual) must be described and approved in writing by the Committee and undertaken on an activity basis.
34. In consultation with the Chair of the Council, the Agenda for each Meeting of Council will be prepared by the Manager, Stakeholder Relations, and provided to each Council Member within a reasonable period of time to allow adequate preparation in advance of each Meeting, together with appropriate briefing materials.
35. A quorum for a Meeting of the Council will be a simple majority of its Members present either in person, or by video or telephone.
36. Minutes will be provided after each Meeting of the Council by the Manager, Stakeholder Relations (or designate) outlining discussion topics and encapsulating recommendations. These Minutes shall be reviewed and approved by the Council at its next meeting. The Minutes shall also be distributed to the Committee and be made available to the Board.
37. Where a Council member believes that they have a potential conflict of interest with regard to any matter coming before a Council Meeting, or because of the business or professional affairs of that Member, that Member shall declare the conflict of interest to the Corporate Secretary and to the Meeting, and will refrain from discussing, influencing or otherwise participating in any consideration of that matter, and from voting on the matter. The Corporate Secretary may recommend additional action.

38. The Council will report to the Committee in regular written updates on its activities via a report from the Council Chair. An Annual Report on the Council's activities shall be provided to the Committee and to the Board by the Council, with the assistance of Management. The Annual Report shall include a report on the number of meetings of the Council; the individual Council Member Meeting attendance; the orientation and educational activities of the Council and Members, and the activities and advice of the Council over the preceding year.
39. The Chair of the Council shall attend Meetings of the Committee as required to discuss the work of the Council.
40. An in-camera session may be held at any Meeting of the Council at the discretion of the Council.

Compensation

41. The Chair of the Council will be paid an annual retainer of \$4,000 to compensate for the Council Chair's time and effort in the role as Council Chair in addition to the meeting fee.
42. Upon confirmation by the Corporation's Corporate Secretary on a Member's attendance at a Meeting, Council Members will be paid reasonable travel expenses and a meeting fee of \$800.00.
43. Prior authorization of the Committee, or Management as directed by the Committee, will be sought for any work activity, outside of the regularly scheduled meetings requiring two or more Council Members (other than the Chair) to devote more than one hour of time to Council business (e.g. filling Council vacancies, time sensitive advice/recommendations that do not lend themselves to the Council's pre-established schedule). As part of the authorization the Council may request compensation for the activity commensurate to the meeting fee described in paragraph 40 above.

Term Limits and Reappointment

44. Members of the Council are appointed by the Board to the Council for a two-year term up to a maximum of six years (e.g., three, two-year terms). At the third meeting, at each second year of their term, the Council Member will advise the Committee if they will be seeking reappointment.

45. Council Appointments and Reappointments will fall under the purview of the Board upon the review and recommendation of the Committee.

Attendance and Contribution at Council Meetings

46. Each Council Member is expected to devote sufficient time to Council affairs, including the review of Council materials and attendance at all Meetings of the Council (in person, if and when permitted or via telephone or video conference). If a Council Member is not able to attend a Meeting from time to time for medical reasons or due to other unusual circumstances, they must advise the Council Chair in writing and explain their absence.
47. The Committee will review the attendance and contribution of Council Members each year. Any Council Member who, without sufficient reason, misses regularly scheduled Meetings of the Council in a given year, or demonstrates ineffective engagement and contribution, can be recommended for removal at the discretion of the Chair. The Member must tender a written offer to resign to the Committee for acceptance or rejection by the Committee.

Termination of Membership

48. Any member may resign from the Council at any time by giving written notice to the Committee. Such resignation shall be effective on receipt of such notice by the Committee.
49. Any Membership may be terminated by the Board with or without cause (including, without limitation, conduct unbecoming a Member or breach of confidentiality or conflict of interest requirements) by a recommending resolution of the Committee to the Board passed by at least two-thirds (2/3) of the votes cast at the Meeting of the Committee of which notice specifying the intention to pass such recommending resolution has been given. The notice of such proposed action shall be given to the Members at least ten (10) business days before the Committee Meeting and the Member may be given an opportunity to be heard at such meeting if the Committee so requests. Such a vote by the Committee shall be taken by ballot and the Member in question will not be present.

Amendments to these Terms of Reference

50. To honor the spirit and intent of applicable law as it evolves, the authority to make minor technical amendments to these Terms of Reference is delegated to the Corporate Secretary, who will report any amendments to the Governance, Regulatory Affairs & Nominations Committee at its next Meeting.
51. Once every two years, these Terms of Reference will be evaluated and updates recommended by the Committee to the Governance, Regulatory Affairs & Nominations Committee for review and recommendation to the Board for review and approval.

Monitoring Methodology

Council Review:	05/25/21
Stakeholder Committee Review:	01/28/21; 01/26/22; 01/25/23
Corporate Secretary Review:	10/01/21; 01/25/23
Board of Directors Approval:	02/22/21; 02/23/22; 02/14/23