

# **Tarion (“Corporation”) Stakeholders’ Committee (“Committee”)**

## **Terms of Reference**

### **Purpose**

The Committee shall serve as a standing committee of Tarion’s (Corporation) Board of Directors (“Board”) with a focus on stakeholder engagement and satisfaction. The Committee shall operate with a purpose consistent with the Corporation’s public interest and consumer protection mandate including with reference to the following:

1. The new Ontario New Home Warranties and Protection Plan (“ONHWP”) Act
2. Bill 159, Rebuilding Consumer Confidence Act, 2020; Schedule 5
3. Corporation’s bylaws
4. Ministerial Orders and directives received from time to time
5. The Corporation’s Corporate privacy policies
6. Board resolutions and directives
7. The Administrative Agreement entered into between the Corporation and the Ministry of Public & Business Service Delivery (MPBSD)

### **Mandate**

#### ***Overseeing, Monitoring, Stakeholder engagement and satisfaction, risk & diversity***

1. Provide oversight over matters related to the Corporation’s dealings with its key stakeholders in the areas of stakeholder engagement and satisfaction as identified from time to time by the Committee, the Board and management.
2. Broadly, evaluate and inform the Board on general policy, objectives and programmes of the Corporation and provide feedback on stakeholder consultation plans prepared to support policy and regulation changes.

3. In assessing stakeholder engagement and satisfaction, the Committee may consider the Corporation's operating environment, reputation, diversity (other than Board and employee diversity), culture, conduct, homeowner/industry/government/community relations, ethics and engage outside expertise where necessary. Diversity issues under the Committee will be in general centred around information related to homeowners and industry participants, keeping in view the demographic make-up across the Province.
4. Report to the Board and make recommendations with respect to any course correction related to homeowner protection, industry performance standards, industry and/or market changes.
5. Ensure that internal control systems and risk management, specifically conduct risk and reputational risk, lead to fair outcomes for all stakeholders consistent with being a trusted and responsible DAA.
6. Identify, and keep under regular review, the Corporation's key stakeholders who may be called upon for consultations and ongoing communications by the Corporation consistent with the Corporation's mandate.
7. Monitor and periodically evaluate the way in which the Corporation engages with its key stakeholders as identified from time to time by the Committee, the Board and management, including homeowners and industry.
8. Monitor and periodically evaluate that appropriate internal and external communication policies are in place and working effectively including ensuring that there are appropriate lines of reporting from stakeholder engagement activities to the Board (either directly or through a committee).
9. Provide guidance and recommendations to management where appropriate into the development of communication strategy and educational programs pertaining to homeowners in the Province.

***Stakeholder engagement and satisfaction surveys and compliance reports:***

10. Review, assess and inform the Board on outcomes of compliance reports relating to stakeholder engagement or satisfaction.

11. Examine and understand the implications of the analysis of stakeholder research including surveys undertaken by the Corporation, directly or through a third-party.
12. Review and provide an assessment to the Board of key surveys initiated by the Corporation in connection with services and interactions with new home buyers and industry or other stakeholders; including providing recommendations to the Board 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.

### ***Stakeholder Engagement Performance Metrics & Input into Strategic and Business Planning***

13. Provide advice on establishing performance standards needed for stakeholders' satisfaction, and evaluate the reports pertaining to such performance data.
14. Review, evaluate and recommend for consideration by the Human Resources and Compensation Committee ("HR&CC") and the Board, the performance measurements and incentive plans that relate to stakeholder satisfaction for inclusion in the Corporation's Strategic and Business Plans.
15. Having regard to input from stakeholders, evaluate and provide recommendations relating to stakeholder impacts to the Board in respect of strategic initiatives and planning as well as policy development.
16. Review the Corporation's strategic plan and the business plan on an annual basis with respect to elements relating to stakeholder engagement and consultation.

### ***Authority to Engage Consultants as needed***

17. The Committee is authorized to obtain, at the Corporation's expense, outside legal or other independent professional advice and to secure the attendance of third parties with relevant experience and expertise if it considers this necessary.
18. The Committee shall monitor and evaluate the performance of any external consultants or advisors engaged.

### ***Ombudsperson's Office***

19. The Ombudsperson's Office will report into this Committee on a quarterly basis, and not to Management.
20. The Committee will review and receive reports from the Ombudsperson and make recommendations to the Board that are consistent with the Ombudsperson Office Terms of Reference.
21. The Committee will undertake any responsibilities delegated to it from the Board from time to time relating to the Ombudsperson Office which may include review and assessment of performance related and HR related matters, and the Committee may obtain external governance expertise or legal services as needed to support this function.
22. None of the responsibilities delegated to the Committee with respect to the Ombudsperson Office will change the annual reporting requirement of the Ombudsperson's Office to the Board directly, and the reporting lines of the Ombudsperson Office to this Committee exist concurrently with the direct oversight of the Board to the Ombudsperson's office.

### ***Appointment of Advisory Bodies, Task Forces, Think Tanks etc.***

23. The Committee may create stakeholder advisory groups ("Think Tank", "task force", "working group" "focus group" or other appropriate advisory body) for the purpose of considering specific or general policy issues and to provide feedback to the Committee.
24. The Committee will have at least one advisory body to ensure input from each of the consumer and industry stakeholder groups. Guidelines for the Committee for the structure of the standing consumer and industry advisory bodies are set out in **Appendix 1**. The Committee has the discretion to amend these guidelines bearing in mind the principles and mandate referred to in these Terms of Reference.
25. The Committee will set out the terms of reference and mandate of any advisory bodies it deems necessary including defining the specific issue or issues to be referred to the body, as well as the composition of the body, and the time frame in which the body is expected to operate.

26. The Committee may appoint the members of an advisory body which it creates, or it may set up a nominations process, as it sees fit.
27. The Committee may request that advisory bodies meet together to provide consensus positions or recommendations where appropriate.
28. The Committee is authorized to set out per diem compensation terms for any advisory body it creates; as well as making available to that body the services of third-party experts, including survey consultants should the Committee deem that to be useful and reasonable.
29. Any advisory body created by the Committee will exist at the pleasure of the Committee.
30. The scope of work or advice undertaken by an advisory body will include the scope of work or mandate provided by the Committee, as well as topics/issues that are identified by the advisory body and brought forward to the Committee.
31. In setting up advisory bodies the Committee will bear in mind workload and cost implications.

### ***Other Responsibilities***

32. Perform other activities related to the mandate of the Committee as requested by the Board.
33. Provide its budget with regard to the Committee's financial requirements for executing on its mandate.
34. Confirm annually that all responsibilities outlined in this Terms of Reference have been carried out.
35. Perform a self-assessment to evaluate the Committee's performance on a regular basis, in concert with the overall peer evaluation activity of the Corporation's Board.
36. Regularly report to the Board about the Committee's activities, issues and recommendations.

## Committee Composition

37. The Committee shall be composed of five (5) Members who will be appointed annually by the Board..
38. The term of the Committee shall be one year.
39. The Committee Members shall serve at the pleasure of the Board.
40. The Committee Chair will be appointed annually by the Board and will possess skills in one or more areas such as consumer protection, dispute resolution, communications and stakeholder management, sustainability/social responsibility, governance and enterprise leadership.
41. The Vice-Chair of the Committee will be appointed annually by the Board.
42. Minister's appointees or the Ontario Builder Class (as set out in By-Law No.1) will not make-up a majority of the Committee members.

## Committee Administration

43. The Committee will meet not less than four (4) times a year at a time agreed to by the Chair and the Corporate Secretary. Additional meetings may be called by the Committee to deal with business at hand,
44. In consultation with the Chair of the Committee, the Agenda for each Meeting of Committee will be prepared by the Corporate Secretary provided to Committee members, sufficiently in advance of each Meeting allowing adequate preparation time, together with appropriate briefing materials.
45. A quorum for a Meeting of the Committee will be more than 50% of its Members present either in person, or by video or telephone; so long as the 50% complies with Committee Composition point 42.

46. The Corporate Secretary or a delegate will attend all meetings, act as the Secretary and shall minute the proceedings and decisions of all the meetings, except for the in-camera sessions.
47. Draft Minutes of the meetings will be recorded at each meeting, circulated promptly to Committee Chair and presented and approved at the Committee's next meeting. The minutes will be distributed to the Board at its next meeting.
48. The Chair will provide a written or verbal report to the Board on any proceedings and resolutions passed by the Committee between Board meetings. The Chair may further elect to report during the in-camera meetings of the Board.
49. The Committee members will treat all discussions and resolutions in confidence and will not disclose any information or discussion relating to any materials tabled at the meeting, until authorized by either the Chair of the Board or the Committee.
50. Where a Committee member believes that they may be in a potential conflict of interest regarding a matter 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.
51. 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.
52. The Annual Report of the Corporation will include an attendance summary of the Committee members. Further, annually the Committee Chair will provide for inclusion in the Corporation's Annual Report a synopsis of Committee's, achievements and contributions.

53. In-camera session will be held at each meeting at the discretion of the Committee Chair.

### **Amendments to these Terms of Reference**

54. 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 Board at its next Meeting.

55. Once every two years, these Terms of Reference will be evaluated, and updates recommended by the Committee to the Board for review and recommendation to the Board for review and approval.

### **Monitoring Methodology**

Committee Review:	01/28/21; 04/01/21; 01/26/22; 01/25/23
Board of Directors Approval:	10/08/20; 02/22/21; 04/22/21; 02/14/23



## Appendix 1 – Guidelines for Consumer and Industry Advisory Bodies

### Consumer Advisory Body Guidelines:

The stakeholders representing the consumer advisory body may be comprised, where reasonably possible, of following individuals with the following experience, skill set or background:

1. New home buyers;
2. Individuals with experience in consumer advocacy;
3. Professionals serving new home buyers as clients (but who are not builders)
4. Condominium board members; and have had experience with the Corporation;
5. Condominium property managers;
6. New home buyers who have experienced the Corporation's warranty process;
7. Real estate lawyers serving a condominium corporation or freehold new home buyers;
8. Senior (active or retired) building official experienced in new home regulation and enforcement;
9. Real estate agent retained by new home buyers;
10. Home inspector retained by new home buyers;
11. Building science experts unaffiliated with a new home builder or vendor;
12. Individuals with experience in the areas communications, consumer research and surveys.

### Industry Advisory Body Guidelines:

Members of the Industry Advisory Body should include individuals who fit the categories of "Ontario Builders" according to Bylaw No.1, as well as their employees with relevant expertise in sales/marketing or after sales/warranty service. Where reasonably possible, these individuals should include:

1. At least two new home builders of condominium dwelling units who have experienced the Corporation's warranty process;
2. At least three new home builders of freehold homes who have experienced the Corporation's warranty process;

3. A senior sales/marketing executive employed by a builder who has expertise in sales and executing agreements of purchase and sale;
4. A senior customer service executive employed by a builder who has expertise in after sales/warranty service.

The following classes of individual should not be considered for the Industry Advisory Body:

1. Individuals who have been board members, officers or directors, or employees of either Tarion or HCRA in the past two (2) years.
2. Individuals who are currently serving on an advisory group for the Home Construction Regulatory Authority (HCRA).