
HUMAN RESOURCES COMMITTEE CHARTER

Purpose

1. A Human Resources Committee (“**Committee**”) of the Board of Directors (“**Board**”) of the Business Development Bank of Canada (“**BDC**”) is established to oversee the management of human capital to ensure that BDC attracts and retains the talent and has the leadership needed to deliver on its mandate and business objectives.

Composition and Operation

2. Composition of the Committee

The Committee shall be composed of a minimum of three directors (“**Members**”), appointed by the Board to hold office until such time as a successor is appointed or the Member resigns, is removed or otherwise ceases to be a Director of the Board.

The Board shall appoint one Member as Chairperson of the Committee (“**Chairperson**”). If the Chairperson is absent or unable to act, the Committee may elect an Acting Chairperson for the meeting.

All Members of the Committee shall be independent from management.

For pension fund investment matters, the Committee will be supported by the Management Pension Funds Investment Committee (“**MPFIC**”).

3. Operation of the Committee

For the purposes of carrying out its duties or any that are referred to it by the Board, the Committee shall have access to all books, records, and personnel of BDC, and may engage legal counsel, consultants or other advisors, on terms and conditions that the Committee deems reasonably appropriate (including reasonable fees).

4. Meetings

The Committee shall meet at the call of its Chairperson at least quarterly and may be called by any Member of the Committee or the Chairperson of the Board.

Quorum

For the transaction of its business, the majority of Members of the Committee shall constitute the quorum (“**Quorum**”). A Director who fulfills the requirements to serve as a Committee Member may be requested by the Committee Chairperson to attend a meeting as a temporary Member if Quorum cannot be reached with the appointed Committee Members.

Decisions

Matters presented at a meeting of the Committee for decision shall be decided by a majority of votes.

Secretary

BDC’s Corporate Secretary, or the Assistant Corporate Secretary, shall act as Secretary to the Committee (“**Secretary**”). The Committee may appoint a Secretary for the meeting if the Corporate Secretary and Assistant Corporate Secretary are unavailable to attend.

Notice

The Secretary shall give notice of Committee meetings by telephone, email or other electronic communications to Committee Members, the President and CEO the Chairperson of the Board and the Chief Human Resources Officer, who are entitled to attend and participate in each meeting.

Minutes of the Meeting

Minutes of Committee meetings shall be prepared by the Secretary who shall, subsequent to the Committee's approval thereof, keep them in a book of minutes.

Attendance at Meetings

The President and CEO and the Chief Human Resources Officer ("**CHRO**") may attend every Committee meetings, and, upon the Committee's request, any other officer or employee of BDC or any special advisor may attend Committee meetings to assist and advise the Committee as required.

In Camera Meetings

The Committee shall hold at each meeting in camera sessions with Members, the President and CEO and, as needed, with the CHRO and other members of management or special advisors.

Reporting

The Committee shall report to the Board on its activities, findings, and recommendations at the first meeting of the Board following each Committee meeting.

5. Governance of the Committee

The Committee shall:

- 5.1. review annually the annual work plan for its meetings. Any matters that arise from time to time will be added to the agenda on an *ad hoc* basis;
- 5.2. review at least every two years this Charter and evaluate its mandate to ensure that the Charter reflects best practices and is relevant to BDC's business and associated risks and make recommendations to the Governance and Nominating Committee with respect to any proposed modification for approval by the Board; and
- 5.3. assess the performance of the MPFIC, as needed.

Responsibilities and Duties

6. Human Resources Strategy

The Committee shall review and recommend to the Board the Human Resources strategy, including key HR objectives, talent management practices and effectiveness, plans and workforce requirements, and monitor the implementation of same.

7. Succession Planning for Critical and Key Positions

The Committee shall review, comment and report annually to the Board on BDC's succession plan for all critical and key positions and review development plans, talent retention and career development for potential successors. More specifically, the Committee shall:

- i. satisfy itself that a proper succession planning process is in place for all critical and key positions at BDC;
- ii. formulate and recommend the succession plan and contingency planning for the President and CEO;
- iii. review and approve the succession plans and contingency planning for each of the critical and key positions at BDC, other than those for the President and CEO; and
- iv. request the input of the Board Risk Committee with respect to succession planning for the Chief Risk Officer ("**CRO**") and from the Audit and Conduct Review Committee with respect to the Chief Financial Officer and the Chief Audit Executive ("**CAE**").

8. Senior Management Appointment, Performance Evaluation and Significant Organizational Changes

The Committee shall review and recommend to the Board the following:

- i. the appointment of Senior Management, the Treasurer and the Ombudsperson;
- ii. the Board Risk Committee's recommendations for the appointment or removal of the CRO;
- iii. the Audit and Conduct Review Committee's recommendations for the appointment or removal of the CAE;
- iv. the performance evaluation of Senior Management and the CAE; and
- v. any significant organizational structure change proposed by the President and CEO, taking into account input from the Board Risk Committee and the Audit and Conduct Review Committee with respect to their areas of responsibility.

9. President and CEO Objectives, Performance Evaluation and Benefits

The Committee shall:

- i. recommend to the Board the President and CEO's performance objectives, taking into account the description of the duties of the President and CEO as well as BDC's mandate and Corporate objectives;
- ii. assess the President and CEO's performance ratings against such objectives and the standards and guidelines set by the Privy Council Office, and make recommendations to the Board; and
- iii. review and recommend to the Board the annual benefits for the President and CEO.

10. Compensation Policies, Programs and Plans

In relation to compensation policies, programs and plans, the Committee shall:

- i. in consultation with the President and CEO, review and recommend to the Board:
 - the Scorecard performance measures and targets, compensation strategies and any new program/plan design or material modifications to an existing compensation or Scorecard design;
 - BDC's compensation plans, including long term incentive plans;
 - any payments under long-term incentive plans (such as the Senior Leaders, GT&C and the VC Long Term Incentive Plans);
 - any payments over \$2M for short-term incentive plans; and
 - benefit plans, programs and policies and other human resources strategies for talent acquisition and retention.
- ii. in consultation with the President and CEO, review and recommend to the Board the annual compensation and benefits for Senior Management, taking into account input from the Audit and Conduct Review Committee for the Chief Financial Officer and the CAE, if any; and
- iii. verify, on a regular basis, that BDC's compensation policies, programs and plans promote the achievement of BDC's objectives and mandate, taking into account the risks to which BDC is exposed.

11. Employee Relations, Ethics and Organizational Culture

In relation to employees, the Committee shall:

- i. regularly review, monitor and recommend to the Board BDC policies which provide for the sound management of BDC personnel, in compliance with applicable legislation; and
- ii. in terms of the example that is set with respect to integrity and ethics take reasonable measures to ensure that BDC's organizational culture is aligned with its strategy, including the aspects relating to diversity, equity, inclusion and accessibility as well as employee health, safety and well-being.

12. Risk Assessment

The Committee shall assess the risks to which the Human Resource function is exposed, including:

- i. employee attraction and retention;
- ii. employee engagement and performance;
- iii. succession planning and talent management; and
- iv. any other risk related to Human Capital that may arise from time to time.



13. BDC Pension Plans and Funds

- 13.1. In relation to the Pension Plan and the two supplementary retirement plans (collectively “Plans”) and BDC’s responsibilities as an employer to fund the Plans, the Committee shall:
- i. review and recommend to the Board any funding and design changes to the Plans;
 - ii. ensure that a system of Plan administration is maintained;
 - iii. review and recommend to the Board the funding policy and principles as well as amendments made thereto from time to time;
 - iv. monitor the funded status of the Plans;
 - v. review and recommend to the Board the selection and replacement of the Funds’ auditors as required by the provisions of applicable legislation;
 - vi. review the Funds’ actuarial valuation reports and financial statements and recommend the funding of the Pension Plans to the Board;
 - vii. monitor the Plans’ overall administration, and compliance; and
 - viii. review and recommend to the Board any new or supplementary pension plan.
- 13.2. In relation to the trust funds established and maintained in respect of the Plans (“**Funds**”) and BDC’s responsibilities as a trustee to manage the Funds, the Committee shall:
- i. review and recommend to the Board the selection and, if necessary, replacement of one or more trustees to serve as trustee and custodian of the assets of the Funds;
 - ii. review, advise and recommend to the Board any Asset/Liability Management (ALM) studies;
 - iii. review the annual report of the MPFIC;
 - iv. review and advise the Board on the recommendations of the MPFIC with regards to the investment strategies and asset mix of the Funds delineated in the Funds’ Statement of Investment Policy (“**SIP**”);
 - v. review and approve, on the recommendations of the MPFIC, changes in the Funds’ SIPs and investment manager structure;
 - vi. review and approve, on the recommendations of the MPFIC, the selection, termination, and replacement of the Funds’ investment managers;
 - vii. monitor and advise the Board on all matters relating to the investment of the Funds including the performance of the Funds and the Investment Managers;
 - viii. review and recommend to the Board payments from the Funds and expenses submitted for payment from the Funds; and
 - ix. delegate to the President and CEO or her/his delegate the approval of non-material amendments to the Plans and the SIP.