



# Compensation Committee Charter

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## 1. Purpose

The Compensation Committee (the “*Committee*”) is a standing committee appointed by the Board of Directors of Power Corporation of Canada (the “*Corporation*”).

## 2. Procedures, Powers and Duties

The Committee shall have the following procedures, powers and duties:

### 2.1 General

- a. **Composition** – Each member of the Committee shall be an “independent” director, as determined by the Board of Directors.
- b. **Appointment** – The members of the Committee shall be appointed by the Board of Directors at the meeting of the Board of Directors following each annual meeting of shareholders and shall serve until their successors shall be duly appointed and qualified or until their earlier death, resignation or removal.
- c. **Separate Meetings** – The Committee shall meet at least twice every year, and more often as warranted, with either or both Co-Chief Executive Officers to discuss any matters that the Committee or either of these officers believes should be discussed. At each meeting of the Committee, the members of the Committee shall meet without members of management present. The Committee shall also meet periodically with the compensation consultants without management present.
- d. **Quorum** – A quorum at any meeting of the Committee shall be a majority of the Committee members.
- e. **Professional Assistance** – The Committee may retain compensation consultants to advise the Committee at the Corporation’s expense including sole authority to retain and terminate any compensation consulting firm and to approve any such firm’s fees and other retention terms.
- f. **Reporting to the Board of Directors** – The Committee will report through the Committee Chair to the Board of Directors on the Committee’s activities generally and, in particular, on the matters required by this Charter.



### **Compensation of Management**

- 2.2 The Committee shall annually:
- a. approve objectives for the Co-Chief Executive Officers and evaluate the performance of the Co-Chief Executive Officers against applicable objectives;
  - b. review, assess the competitiveness and appropriateness of and approve the Co-Chief Executive Officers' recommendations with respect to the compensation packages (including salary, bonus, options and pension) to be provided to the other personnel of the Corporation appointed by the Board of Directors and such other employees of the Corporation as may be identified to the Committee by the Board of Directors (collectively, the "*Designated Employees*");
  - c. prepare compensation packages (including salary, bonus, options and pension) for the Co-Chief Executive Officers to be recommended to the Board of Directors for approval.
- 2.3 The Committee shall review and approve any retiring allowance arrangements or any similar arrangements with the Co-Chief Executive Officers and each of the Designated Employees to take effect in the event of termination of employment and report such approved arrangements pertaining to the Co-Chief Executive Officers to the Board of Directors.
- 2.4 Employment agreements between the Corporation and any of the Co-Chief Executive Officers and amendments to the terms of such agreements shall be subject to review and recommendation by the Committee and approval by the Board of Directors.
- 2.5 Employment agreements between the Corporation and any of the Designated Employees and amendments to the terms of such agreements shall be subject to approval by the Committee upon the recommendation of the Co-Chief Executive Officers.

### **Compensation of Employees**

- 2.6 The Committee shall annually review and approve compensation strategies for the retention and motivation of the Corporation's employees other than the Co-Chief Executive Officers and the Designated Employees (the "*employees*").
- 2.7 The Committee shall annually review the Co-Chief Executive Officers' recommendations with respect to the compensation guidelines applicable to employees and approve such compensation guidelines.



### **Compensation Policies and Plans**

- 2.8 The Committee shall recommend compensation policies and, in particular, the compensation policies respecting the Co-Chief Executive Officers and the Designated Employees to the Board of Directors for approval.
- 2.9 The Committee shall:
- a. administer incentive compensation and equity compensation plans, and supplementary pension plans of the Corporation, unless otherwise specified by the Board of Directors; and
  - b. review and recommend to the Board of Directors for its approval new incentive and equity compensation plans, and supplementary pension plans, as well as amendments to such plans.
- 2.10 In performing its duties and exercising its powers, the Committee shall consider the implications of the risks associated with the Corporation's compensation policies and practices.

### **Loans to Senior Officers**

- 2.11 Loans to a Designated Employee in an aggregate amount in excess of the Designated Employee's annual base salary shall be subject to review by the Committee and Board of Directors approval based on the Committee's recommendation.
- 2.12 The Committee shall review Management's policies and practices respecting the Corporation's compliance with applicable legal prohibitions, disclosure requirements or other requirements on making or arranging for personal loans to senior officers or amending or extending any such existing personal loans or arrangements.

### **Succession Planning**

- 2.13 The Committee shall periodically review with the Co-Chief Executive Officers and approve management succession plans for the Co-Chief Executive Officers and Designated Employees. In reviewing the management succession plans for Designated Employees, the Committee shall take into account the objectives of the Corporation's Diversity Policy.
- 2.14 The Committee shall review and approve plans in respect of an unexpected incapacitation of the Co-Chief Executive Officers.

### **Director Compensation**

- 2.15 The Committee shall recommend to the Board of Directors for its approval the terms upon which Directors shall be compensated. The Committee shall recommend terms for the compensation of Directors, the Chair of the Board of Directors (if applicable) and those acting as committee chairs and committee members that adequately reflect the responsibilities they are assuming.

### **Director Share Holdings**

- 2.16 The Committee shall from time to time review the Corporation's policy on Director share holdings and monitor its implementation.



**Reporting to the Shareholders**

2.17 The Committee shall annually review and recommend to the Board for approval disclosure relating to executive compensation, director compensation and the Committee's annual work plan in accordance with applicable rules and regulations that shall be disclosed in the management proxy circular prepared in connection with the Corporation's annual meeting of shareholders.

**General**

2.18 The Committee may undertake such other compensation initiatives as may be assigned to the Committee by the Board of Directors from time to time.

2.19 The Committee shall periodically review and reassess the adequacy of this Charter and recommend changes to the Board of Directors for its approval.

*Adopted by the Board of Directors on March 29, 2006, as amended on August 7, 2009; amended by the Committee on March 13, 2012 and adopted by the Board of Directors on March 14, 2012; amended by the Committee on August 4, 2016 and adopted by the Board of Directors on August 5, 2016; and amended by the Committee on March 21, 2018 and adopted by the Board of Directors on March 23, 2018.*