

ALLIED

# Governance, Compensation and Nomination Committee Terms of Reference

December 2020

# Governance, Compensation And Nomination Committee Terms Of Reference And Rules Governing Procedure

## **1. PURPOSE**

- 1.1 The overall purpose of the Governance, Compensation and Nomination Committee (the “Committee”) of Allied is to develop and monitor Allied’s approach to matters of governance, to the compensation of officers of Allied and to the nomination of Trustees for election by unitholders.

## **2. COMPOSITION, PROCEDURES AND ORGANIZATION**

- 2.1 The Committee shall consist of at least three members of the board of trustees of Allied (the “Trustees”), all of whom shall be, in the determination of the Trustees, “independent” as that term is defined by National Instrument 52-110.
- 2.2 The Trustees, at their organizational meeting held in conjunction with each annual meeting of unitholders, shall appoint the members of the Committee for the ensuing year. The Trustees may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee. Any member of the Committee ceasing to be a trustee shall cease to be a member of the Committee.
- 2.3 Unless the Trustees shall have appointed a chair of the Committee, the members of the Committee shall select a chair from amongst their number. The chair shall be “independent” and shall not have a second, or casting, vote.
- 2.4 The Committee shall have access to such officers and employees of Allied, Allied’s external auditors and its legal counsel, and to such information respecting Allied as it considers to be necessary or advisable in order to perform its duties.
- 2.5 The Committee shall meet at such times and at such locations as the chair of the Committee shall determine. Any member of the committee may request a meeting of the Committee.
- 2.6 Any Trustee may request the chair of the Committee to call a meeting of the Committee and may attend at such meeting or inform the Committee of a specific matter of concern to such Trustee, and may participate in such meeting to the extent permitted by the chair of the Committee.
- 2.7 The Committee is authorized, at Allied’s expense, to retain independent counsel and other advisors as it determines necessary to carry out its duties.

## **3. THE DUTIES OF THE COMMITTEE**

- 3.1 The duties of the Committee as set out in the Terms of Reference for the Governance, Compensation and Nomination Committee are as follows:

- a. to develop and monitor Allied's overall approach to corporate governance issues and, subject to approval by the Trustees, to implement and administer a system of corporate governance which reflects superior standards of corporate governance practices and to continue to develop Allied's approach to corporate governance issues;
- b. to undertake an annual review of corporate governance issues and practices as they affect Allied and make a comprehensive set of recommendations to the Trustees during each calendar year;
- c. to develop and oversee processes and protocol for reviewing related party transactions and conflicts of interest;
- d. to advise the Trustees or any committees of the Trustees of corporate governance issues which the Committee determines ought to be considered by the Trustees or any such committee;
- e. to review with the Trustees on a regular basis but not less than annually, the mandate of the Trustees, the terms of reference of each of the committees of the Trustees and the methods and processes by which the Trustees fulfill their duties and responsibilities, including without limitation:
  - I. the number and content of meetings;
  - II. the annual schedule of issues to be presented to the Trustees at its meetings or those of its committees;
  - III. material which is to be provided to the Trustees generally and with respect to meetings of the Trustees or its committees;
  - IV. resources available to the Trustees; and
  - V. the communication process between the Trustees and management;
- f. to recommend to the Trustees a system which enables a committee or an individual Trustee to engage, subject to Board approval, separate independent counsel and advisors at the expense of Allied in appropriate circumstances and, upon the approval by the Trustees of such a process, to be responsible for the management and administration thereof;
- g. to develop a position description for the chair of the Trustees (the "Chair") and to assess the performance of the Chair;
- h. to develop and implement an orientation and educational program for new recruits to the Trustees in order to familiarize new Trustees with the business of Allied, its management and professional advisers and its facilities;
- i. to develop and implement a process for assessing the effectiveness of the Trustees, individual Trustees, Trustees' committees and the chairs thereof

and to report and make recommendations to the Trustees thereon;

- j. to review the effectiveness of the terms of reference of the Audit Committee and the Governance, Compensation and Nomination Committee of Allied as they relate to matters affecting governance;
- k. to report annually to Allied's unitholders, through Allied's annual management proxy circular or annual report to unitholders, on Allied's approach to corporate governance;
- l. to adopt and implement a communications policy for Allied as well as an insider trading policy for trustees, executives and employees of Allied;
- m. to recommend candidates to fill Trustees and committee vacancies;
- n. to recommend the Trustees to be nominated for election at the annual meeting of unitholders;
- o. to recommend to the Board for adoption a business code of ethics to ensure ethical behaviour and compliance with laws and regulations;
- p. to review results of annual conflict of interest questionnaires completed by all Trustees and management; and
- q. to consider any other questions or matters of governance or nomination of trustees referred to it by the Trustees.

3.2 The duties of the Committee as they relate to compensation and recommended actions are as follows:

- a. to recommend to the Trustees human resources and compensation policies and guidelines;
- b. to ensure that Allied has in place programs to attract and develop management of the highest calibre and a process to provide for the orderly succession of management, including receipt on an annual basis of any recommendations of the Chief Executive Officer in this regard;
- c. to develop a position description for the Chief Executive Officer and to ensure that policy guidelines and systems are in place to provide for a comprehensive annual review of the performance of the Chief Executive Officer;
- d. subject to any contractual arrangements, to set the annual salary, bonus and other benefits, direct and indirect, of the Chair, the Chief Executive Officer and the Committee Chairs and to approve compensation for all other designated officers after considering the recommendations of the Chief Executive Officer, all within any human resources and compensation policies and guidelines approved by the Trustees;
- e. to review periodically the adequacy and form of the compensation of the

trustees of Allied with a view to ensuring that such compensation realistically reflects the responsibilities and risks of being a trustee;

- f. to implement and administer human resources and compensation policies approved by the Trustees concerning the following:
  - I. executive compensation, employment and related contracts, unit option plans, deferred unit plans and other incentive plans; and
  - II. proposed personnel changes involving officers reporting to the Chief Executive Officer;
- g. from time to time to review with the Chief Executive Officer, Allied's broad policies on compensation for all employees and overall labour relations strategies; and
- h. to consider any other questions or matters of compensation referred to it by the Trustees.

#### **4. RULES GOVERNING PROCEDURE**

4.1 The following rules govern the procedure of the Committee:

a. *Definitions.* In these rules:

“*Allied*” means Allied Properties Real Estate Investment Trust;

“*Member*” means a member of the Governance, Compensation and Nomination Committee of Allied; and

“*Committee*” means the Governance, Compensation and Nomination Committee of Allied.

b. *Place of Meetings.* Meetings of the Committee may be held at any place within Canada. A meeting of the Committee held entirely by means of a conference telephone or other communications equipment shall be deemed to be held at the place where the principal office of Allied is located.

c. *Calling of Meetings.* A meeting of the Committee may be called at any time by any Member.

d. *Notice of Meetings.*

- I. Notice of any meeting of the Committee specifying the time and place for the holding of such meeting shall be given in accordance with subsection (j) hereof to every Member not less than forty-eight (48) hours before the time of the meeting and shall be accompanied by an agenda of the matters to be considered at such meeting.

- II. Notice of an adjourned meeting of the Committee is not required to be

given if all of the Members were present at the original time and place of the adjourned meeting is announced at the original meeting. If less than all of the Members were present at the original meeting, notice of the rescheduled meeting is required to be provided, but such rescheduled meeting may be held on less than 48-hour notice.

III. Meetings of the Committee may be held at any time without formal notice if all the Members are present or if all the Members who are not present, in writing or by any form of transmitted or recorded communication, waive notice or signify their consent to the meeting being without formal notice. Notice of any meeting or any irregularity in any meeting or in the notice thereof may be waived by any Member either before or after such meeting. Attendance of a Member at a meeting of the Committee is a waiver of notice of the meeting, except where a Member attends a meeting for the express purpose of objecting to the consideration of any matter on the grounds that the meeting is not properly called.

IV. The accidental omission to give notice of any meeting of the Committee to any Member or the non-receipt of any notice by any Member shall not invalidate any resolution passed or any proceedings taken at any meeting of the Committee.

- e. *Regular Meetings.* The Committee may by resolution fix a day or days in any month or months for the holding of regular meetings at a time and place specified in such resolution. A copy of any resolution of the Committee specifying the time and place for the holding of regular meetings of the Committee shall be sent to each Member at least twenty-four (24) hours before the first of such regular meetings and no other notice shall be required for any of such regular meetings.
- f. *Participating by Telephone or Other Communications Facility.* Any Member may participate in a meeting of the Committee by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and a Member so participating shall be considered to be present in person at that meeting.
- g. *Quorum.* A quorum for any meeting of the Committee shall be at least 50% of the Members, present in person.
- h. *Voting.* Questions arising at any meeting of the Committee shall be decided by a majority of the votes cast. In the case of an equality of votes, the chair of the meeting shall not have a second or casting vote in addition to his original vote.
- i. *Minutes.* The Secretary of each meeting shall cause to be kept minutes of proceedings thereof and shall cause such minutes to be delivered to all the Members and entered in the records of proceedings of the Committee. Such minutes when signed by the Secretary of the meeting shall be prima facie evidence of the decisions of the Committee on the matters considered at

the meeting to which such minutes relate. Any Member or former Member shall be entitled, during normal business hours, to inspect the minutes of all meetings of the Committee held while or before he was a member.

- j. Notices.* Any notice, communication or other document to be sent or given to any Member hereunder shall be sufficiently sent and given if delivered personally to the person to whom it is to be given or if delivered to his or her last address as shown in the records of Allied, if mailed by prepaid ordinary mail in a sealed envelope addressed to him or her at his or her last address as shown on the records of Allied or if sent by any means of wire or wireless or any other form of transmitted or recorded communication. A notice, communication or document so delivered shall be deemed to have been sent and given when it is delivered personally or delivered at the address aforesaid. A notice, communication or document so mailed shall be deemed to have been received twenty-four (24) hours after 12:01 a.m. on the day following the day of mailing thereof. A notice sent by any means of wire or wireless or any other form of transmitted or recorded communication shall be deemed to have been given on the date of sending.
- k. Proof of Service.* A certificate of any Member as to facts in relation to the delivery or mailing or service of any notice or other document to any Member shall, in the absence of evidence to the contrary, be proof thereof.
- l. Action without Meeting.* The Members may act with or without a meeting. Any action of the Members may be taken at a meeting by vote or without a meeting by the written consent of all of the Members.

## **5. OTHER CORPORATE GOVERNANCE MATTERS**

- 5.1 The Trustees may refer to the Committee such other matters and questions relating to corporate governance as the Trustees may from time to time see fit.

## **6. ACCESS TO PERSONNEL & INFORMATION**

- 6.1 The Committee shall have access to such officers and employees of Allied, Allied's independent auditors and its legal counsel, to separate legal counsel and advisors and to such information respecting Allied as it considers to be necessary or advisable in order to perform its duties and responsibilities.