



## TRUE NORTH COMMERCIAL REAL ESTATE INVESTMENT TRUST

### GOVERNANCE, COMPENSATION AND NOMINATING COMMITTEE CHARTER

#### 1. Introduction

The Governance, Compensation and Nominating Committee (the "Committee") of True North Commercial Real Estate Investment Trust (collectively with its subsidiaries, the "REIT") is a committee of the Board of Trustees (the "Board") of the REIT. The Committee shall review, oversee and evaluate the governance and nominating policies and the compensation policies of the REIT, all as more particularly set out in this Charter.

#### 2. Membership

##### ***Number of Members***

The Committee shall be composed of three or more members of the Board.

##### ***Residency of Members***

A majority of members of the Committee shall be resident Canadians.

##### ***Independence of Members***

A majority of members of the Committee must be independent. "Independent" shall have the meaning, as the context requires, given to it in National Instrument 58-101 - *Disclosure of Corporate Governance Practices*, as replaced or amended from time to time (including any successor rule or policy thereto).

##### ***Term of Members***

The members of the Committee shall be appointed annually or as required by the Board. Each member of the Committee shall serve at the pleasure of the Board until the member resigns, is removed, or ceases to be a member of the Board. The members of the Committee shall designate a Chair (who shall be a resident Canadian) by majority vote of the full Committee membership.

##### ***Chair***

The members of the Committee shall designate a Chair (who shall be a resident Canadian) by majority vote of the full Committee membership. The Chair shall remain in such position until removed by the other Committee members or the Board.

#### 3. Meetings

##### ***Number of Meetings***

The Committee shall meet as many times per year as necessary to carry out its duties and responsibilities.

### ***Quorum***

No business may be transacted by the Committee at a meeting unless a quorum of the Committee is present. A majority of members of the Committee shall constitute a quorum, provided that a majority of the members of the Committee comprising the quorum shall be resident Canadians.

### ***Calling of Meetings***

The Chair, any member of the Committee, the Chairman of the Board, the Lead Trustee, the Chief Executive Officer or the Chief Financial Officer may call a meeting of the Committee by notifying the REIT's Corporate Secretary who will notify the members of the Committee. The Chair shall chair all Committee meetings that he or she attends, and in the absence of the Chair, the members of the Committee present may appoint a chair from their number for a meeting.

### ***Agenda***

The Chair shall establish the agenda for each meeting of the Committee with input from management of the REIT. Any member of the Committee may propose the inclusion of items on the agenda, or at any meeting raise subjects that are not on the agenda for the meeting.

### ***Distribution of Information***

The Chair shall distribute, or shall cause the REIT's Corporate Secretary to distribute, an agenda and meeting materials in advance of each meeting to allow members sufficient time to review and consider the matters to be discussed.

### ***Minutes; Reporting to the Board***

The Committee shall maintain minutes or other records of meetings and activities of the Committee in sufficient detail to convey the substance of all discussions held. Upon approval of the minutes by the Committee, the minutes shall be circulated to the members of the Board. The Chair shall also report to the Board on all material matters considered by the Committee at the first Board meeting after the Committee's meeting. However, the Chair may report orally to the Board on any matter in his or her view requiring the immediate attention of the Board.

### ***Attendance of Non-Members***

The Committee may invite to a meeting any officers, management or employees of the REIT, legal counsel, advisors and other persons whose attendance it considers necessary or desirable in order to carry out its responsibilities.

### ***Procedure***

The procedures for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those applicable to meetings of the Board.

### ***Access to Management***

The Committee shall have unrestricted access to the REIT's management and employees and the books and records of the REIT.

## **4. Duties and Responsibilities**

The Committee shall have the duties and responsibilities set out below as well as any other functions that are specifically delegated to the Committee by the Board and that the Board is authorized to delegate by applicable laws and the REIT's Declaration of Trust. In addition to these functions and responsibilities, the Committee shall perform the duties required of it by any exchange upon which securities of the REIT are

traded, or any governmental or regulatory body exercising authority over the REIT, as are in effect from time to time.

### ***Governance Matters***

To fulfil its duties and responsibilities, the Committee shall:

#### Policies, Mandates and Charters

- (a) review on an ongoing basis, and report to the Board at least annually on, the REIT's approach to governance, and recommend the establishment from time to time of appropriate new governance policies and standards for the REIT and the Board;
- (b) at least annually review and assess the mandate adopted by the Board and recommend any amendments to the Board;
- (c) at least annually review the committee charter of each Board committee, in consultation with such Board committee, and recommend any amendments to the Board;
- (d) at least annually review all key REIT governance policies and procedures and recommend any amendments to the Board;
- (e) review and monitor compliance with key REIT governance policies and procedures;

#### Code of Business Conduct and Ethics

- (f) at least annually, report to the Board on compliance with, or material deficiencies from, the Code of Business Conduct and Ethics and recommend any amendments of such Code to the Board;
- (g) report to the Board, when determined necessary by the Committee, on investigations and any resolutions of complaints received under the Code of Business Conduct and Ethics;

#### ESG Matters

- (h) in addition to the specific governance matters covered by this Charter, the Committee shall oversee the REIT's general strategy, policies and initiatives relating to environmental (including, but not limited to, climate policy and sustainability) and social matters (including, but not limited to, diversity (see Exhibit "A" – Diversity Policy));

#### Position Descriptions

- (i) annually, or as required, review the position descriptions of the Chairman of the Board, the Lead Trustee, the chairs of each Board committee and the Chief Executive Officer and recommend any amendments to the Board;

#### Ongoing Monitoring

- (j) review and monitor compliance with regulatory rules, procedures or guidelines instituted by regulatory authorities having jurisdiction over the REIT, relating to corporate governance;
- (j) monitor relationships between senior management and the Board, and recommend procedures to allow trustees to have more effective access to, and a greater dynamic relationship with, senior management;
- (k) be available as a forum for addressing the concerns of individual trustees;

- (l) work with senior management of the REIT to foster a healthy governance structure within the REIT;

Disclosure Document Review

- (m) review and approve public disclosure related to governance contained in the annual management proxy circular or other disclosure documents and publications;

Additional Governance Duties

- (n) ensure that any issues relating to governance which are identified by the trustees are raised with senior management; and
- (o) undertake such other initiatives as are necessary or desirable to provide effective governance for the REIT.

**Compensation Matters**

Management Development

- (a) review retention programs for members of senior management, review and monitor the practices used to evaluate members of senior management, and review the Chief Executive Officer's recommendations and/or discussions with respect to the recruitment, promotion, transfer and termination of other members of senior management;
- (b) consider the establishment of an appropriate comparator group for purposes of setting future compensation of senior management and considering grants under incentive compensation plans;

Evaluation, Compensation and Succession of the Chief Executive Officer

- (c) evaluate the Chief Executive Officer's performance in meeting his or her annual goals and objectives;
- (d) assist the Board in evaluating and nominating potential successors to the Chief Executive Officer subject to any constraints resulting from existing contractual arrangements involving the REIT;
- (e) recommend to the Board remedial action where necessary;

Incentive Compensation

- (k) make recommendations to the Board with respect to the adoption and amendment of incentive compensation plans, including equity-based plans for the REIT and its subsidiaries subject to unitholder approval, as appropriate;
- (l) administer, and approve all grants under, any incentive compensation plans adopted by the REIT;
- (m) make recommendations to the Board with respect to all annual incentive bonus plans and long-term incentive bonus plans for senior management;

Equity Ownership

- (n) review annually and make recommendations to the Board as to the minimum equity ownership positions by senior management;

## **Trustees Matters**

### Board Size, Composition and Structure

- (a) examine the size of the Board and recommend to the Board a size that facilitates effective decision making. In addition, taking into consideration the recommended size of the Board, and subject to the requirements of the Declaration of Trust, the Committee will recommend the number of Board positions to be filled by independent trustees;
- (b) review the overall composition of the Board, taking into consideration such factors as business experience and specific areas of expertise of each trustee, and make recommendations to the Board as it determines appropriate;
- (c) evaluate whether the necessary and appropriate committees exist to support the work of the Board and will make recommendations to the Board for the reorganization of responsibilities among committees, the creation of additional committees or subcommittees, or the elimination of committees as it determines appropriate;

### Qualifications

- (d) make recommendations to the Board with respect to the preferred experience and qualifications for new trustees which will reflect, among other things: **(i)** competencies, skills and personal qualities that the Board considers to be necessary for the Board, as a whole to possess; **(ii)** competencies and skills that the Board considers each existing trustee to possess; **(iii)** competencies, skills and personal qualities that each new nominee would bring to the Board; and **(iv)** responsibilities that would not materially interfere with or be incompatible with Board membership, as well as the objectives of the diversity policy of the REIT (the "**Diversity Policy**") attached as Exhibit "A";

### Candidates for Board of Trustees and Election

- (e) oversee the process of identifying, and recommend to the Board, a list of candidates for nomination for election to the Board at the REIT's annual meeting of unitholders;
- (f) as the need arises, oversee, identify and recommend to the Board new candidates for Board membership, and **in** making such recommendations the Committee will provide an assessment of whether each candidate is or would be an "Independent Trustee" (within the meaning of the Declaration of Trust) and whether such candidate would meet the eligibility requirements imposed by the Declaration of Trust for membership on one or more of the committees of the Board;
- (g) ensure compliance with the majority voting policy for Trustee Elections (the "**Majority Voting Policy**") attached as Exhibit "B";

### Appointment to Committee

- (h) recommend to the Board those trustees it considers qualified for appointment to each committee of the Boards, including making recommendations as to which trustee should serve as the chair of each committee. Where a vacancy occurs at any time **in** the membership of any Board committee, the Committee will recommend to the Board and such Board committee, a trustee to fill such vacancy;

### Succession

- (i) develop a Board succession plan that is responsive to the REIT's needs and the interests of its unitholders;

Performance Assessment

- (j) at least annually, assess the effectiveness of the Board, each of its committees and each individual trustee, including (i) an assessment of the skills and experience of the Board as a whole and its committees in relation to the needs of the REIT and (ii) a review of the size of the Board and its committees in relation to the needs of the REIT, and delivering such assessment to the Chair of the Board other than the assessment of the Chairman of the Board and the non-Independent Trustees (within the meaning of the Declaration of Trust) of the REIT which shall be delivered to the Lead Trustee;
- (k) ensure annual completion and dissemination of the results of Board effectiveness questionnaires for trustees and individual peer evaluations;
- (l) at least annually, report to the Board regarding its evaluation of trustee independence standards established by the Board and the Board's ability to act independently from management in fulfilling its duties;

Orientation and Continuing Education

- (m) oversee the implementation of an orientation program for new members of the Board;
- (n) coordinate the implementation of continuing trustee development programs to enable the continuing trustees to maintain or enhance their skills and abilities as trustees, as well as ensuring their knowledge and understanding of the REIT and its business remains current;

Compensation

- (o) review, at least annually, the adequacy and form of trustees' compensation and recommend to the Board a compensation model that appropriately compensates trustees for the responsibilities and risks involved in being a trustee or a member of one or more Board committees, as applicable. In discharging this duty, the Committee will bear in mind that compensation should fairly pay trustees for work required in respect of an issuer of the REIT's size and scope;

Trustee Equity Ownership

- (p) review annually and make recommendations to the Board as to the minimum equity ownership positions by trustees; and

External Advisors

- (q) consider and approve any proposal by the Board to engage outside advisors on behalf of the Board as a whole or on behalf of the independent trustees of the Board.

**5. Assessment**

At least annually, the Committee will assess the effectiveness of the Committee in fulfilling its duties and responsibilities as set out in this Charter and in a manner consistent with the Board of Trustees Mandate adopted by the REIT's Board.

**6. Review of Charter**

Annually, or as required, the Committee shall review this Charter. Amendments to this Charter shall be brought to the Board for consideration and approval.

**7. Access to Outside Advisors**

The Committee may at any time retain any external advisor, at the expense of the REIT, to assist it in fulfilling its responsibilities and in that regard, may set the compensation of such advisor. The Committee shall inform the Lead Trustee of the retention of an advisor.

**8. No Rights Created**

This Charter is a statement of broad policies and is intended as a component of the flexible governance framework within which the Committee functions. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the REIT's Declaration of Trust and Trustees' Regulations, it is not intended to establish any legally binding obligations.

In the event that any provision of this Charter conflicts with or contravenes any provision of the REIT's Declaration of Trust, such provision of the Declaration of Trust will govern and nothing herein shall be construed as giving the trustees of the REIT who are members of the Committee any powers or authority in addition to, or greater than, the power and authority established by the REIT's Declaration of Trust.

## Exhibit "A" Diversity Policy

### 1. Purpose and Scope

True North Commercial Real Estate Investment Trust (the "**REIT**") is committed to a merit based system for the composition of its board of trustees (the "**Board**"), officers and senior management, within a diverse and inclusive culture that solicits multiple perspectives and views, free of conscious or unconscious bias and discrimination.

Diversity is important to ensure that members of the Board, officers and senior management possess the necessary range of perspectives, experience and expertise required to achieve the REIT's objectives and deliver for its unitholders. The REIT believes that diversity mitigates the risk of group think, ensures the REIT has the opportunity to benefit from all available talent and enhances, among other things, its organizational strength, problem-solving ability and opportunity for innovation.

This document (the "**Policy**") defines the REIT's policy with respect to diversity on the Board.

### 2. Definition of Diversity

In this Policy, "diversity" refers to any characteristic that can be used to differentiate groups and people from one another. It includes, but is not limited to, characteristics such as gender, education, religion, ethnicity, race, nationality, culture, language, aboriginal or indigenous status and other ethnic distinctions, age, and industry experience and expertise.

### 3. Board Diversity

The Governance, Compensation and Nominating Committee of the Board (the "**Committee**") is responsible for, among other things, reviewing and assessing Board size, composition and effectiveness, and for recommending to the Board (i) the trustee nominees to stand for election at each annual meeting of REIT unitholders, and (ii) any candidates for appointment to the Board between annual meetings of REIT unitholders, as appropriate.

When identifying and considering the selection of candidates for appointment or nomination for election to the Board, the Committee, in addition to those requirements set out in the Charter, will:

- assess the Board by considering the balance of skills, experience, independence and knowledge on the Board, the Board's cohesiveness and other factors relevant to its effectiveness;
- consider only candidates who are highly qualified based on their experience, education, expertise, personal skills and qualities, and general and industry-specific knowledge; and
- select individuals based on merit, against objective criteria, in order to enable the Board to discharge its duties and responsibilities effectively.

It is an objective of this Policy that diversity be considered in determining the optimal composition of the Board. The REIT believes that a Board comprised of highly qualified trustees from diverse backgrounds benefits from the contribution of different perspectives, experiences and expertise to Board discussions and decisions, promoting, among other things, better corporate governance, performance and decision-making. To support the REIT's Board diversity objectives, the Committee will:

- consider diversity criteria, including, but not limited to, the level of representation of women, when determining the composition of the Board;



- review potential candidates from a variety of backgrounds and perspectives, with the REIT's diversity objectives in mind; and
- in addition to its own searches, as and when appropriate from time to time, engage qualified independent external advisors to conduct a search for candidates, to help achieve the REIT's diversity objectives.

The REIT recognizes that gender diversity is a significant aspect of diversity and acknowledges the important role of women in contributing to diversity of perspective on the Board. In order to promote the specific objective of gender diversity on the Board, the selection process for Board appointees and nominees for election will involve the following steps (including where the REIT engages an external recruitment agency to identify and assess candidates):

- a short-list identifying potential candidates for appointment/nomination must be compiled and must include at least one candidate that is a woman for each available Board position; and
- if, at the end of the selection process, no women are selected from the list of candidates, the Board must be satisfied that there are objective reasons to support this determination.

The Board shall comply with any regulations implemented by the Canadian Securities Administrators and the Toronto Stock Exchange requiring representation of women on the Board.

#### **4. Review of the Policy**

On an annual basis, the Committee will (i) assess the effectiveness of the Board and nomination processes at achieving the REIT's diversity objectives; and (ii) consider and, if determined advisable, recommend to the Board for adoption, measurable objectives for achieving diversity on the Board.

In order to ensure the effective implementation of this Policy to promote gender diversity of the Board, the Committee will review the following as part of its annual review of the Policy:

- the number of women considered or brought forward for Board positions;
- the skills, knowledge, experience and other characteristics of candidates that are women to ensure that such candidates are being fairly considered relative to other candidates; and
- the number of women on the Board and the proportion (in percentage terms) of persons on the Board who are women.

At any given time the Board may seek to adjust one or more objectives concerning Board diversity and measure progress accordingly.

## Exhibit "B"

### Majority Voting Policy for Trustee Elections

The Board of Trustees has delegated the administrative duty and power of the Majority Voting Policy to the Governance, Compensation & Nominating Committee ("**GC&N Committee**"), and any reference under the Majority Voting Policy, in connection with such duty or power, to the "Board of Trustees" shall be, as applicable, to the GC&N Committee. The Board of Trustees may at any time in its sole discretion supplement or amend any provision of this policy in any respect, repeal the policy in whole or part or adopt a new policy relating to Trustee elections with such terms as the Board of Trustees determines in its sole discretion to be appropriate. All such actions, interpretations and determinations which are done or made by the Board of Trustees in good faith will be final, conclusive and binding.

In an uncontested election of trustees ("**Trustees**") of True North Commercial REIT (the "**REIT**"), any nominee for Trustee who does not receive a greater number of votes "for" his or her election than votes "withheld" from such election (a "**Majority Withhold Vote**") shall promptly tender his or her resignation to the Chairman of the GC&N Committee following the meeting of unitholders of the REIT, such resignation to be effective upon acceptance by the Board of Trustees. In this policy, an "uncontested election" shall mean an election in which the number of nominees for Trustee shall be equal to the number of Trustees to be elected. In a contested election, this policy shall not apply and nominees shall be elected by plurality voting.

The GC&N Committee shall promptly consider such tendered resignation and recommend to the Board of Trustees the action to be taken with respect to such tendered resignation. The recommendation of the GC&N Committee may be to accept or reject the resignation on such basis as the GC&N Committee determines appropriate, provided that the GC&N Committee shall recommend acceptance of the resignation if there are no exceptional circumstances present that would support rejection of the resignation. If the GC&N Committee recommends rejection of the resignation, it shall include with its recommendation an indication of what it believes to be the underlying reasons for the Majority Withhold Vote in respect of the subject Trustee.

In considering a tendered resignation and whether exceptional circumstances exist, the GC&N Committee is authorized to consider all factors it deems relevant to the best interests of the REIT, including without limitation: (i) any stated reasons why unitholders withheld their vote with respect to the subject Trustee; (ii) what the GC&N Committee believes to be the underlying reasons for the Majority Withhold Vote, including whether these reasons relate to the incumbent Trustee's performance as a Trustee, whether these reasons relate to the REIT or another company, and whether these reasons are curable and alternatives for effecting any cure; (iii) the percentage of outstanding units represented by votes cast and withheld from voting on the election of the subject Trustee; (iv) the tenure and qualifications of the Trustee; (v) the Trustee's past and expected future contributions to the REIT; (vi) the other policies of the REIT; (vii) the overall composition of the Board of Trustees, including whether accepting the resignation would cause the REIT to fail to meet any applicable securities laws and rules of federal and provincial securities commissions and the Toronto Stock Exchange; (viii) whether the Trustee is a key member of an established, active Special Committee which has a defined term or mandate (such as strategic review) and accepting the resignation of such Trustee would jeopardize the achievement of the Special Committee's mandate; and (ix) whether the resignation of the Trustee could result in the triggering of change in control or similar provisions under any contract by which the REIT is bound or any benefit plan of the REIT and, if so, the potential impact thereof.

If any Trustee who tenders his or her resignation pursuant to this policy is a member of the GC&N Committee, he or she shall not participate in any portion of a meeting of that Committee in which it considers the decision to recommend to the Board of Trustees whether his or her resignation shall be accepted. If each member of the GC&N Committee receives a Majority Withhold Vote at the same election, then the Board of Trustees shall establish a committee composed of the independent Trustees who did not receive a Majority

Withhold Vote to consider the resignation offers and recommend to the Board of Trustees whether to accept them, provided that if fewer than two independent Trustees did not receive Majority Withhold Votes in the same election, the Board of Trustees shall establish a committee composed of all independent Trustees to consider the resignation offers and recommend to the Board of Trustees whether to accept them (any such committee established in accordance with this paragraph, together with the GC&N Committee, collectively referred to as the "Committee" in this policy).

If the Committee recommends that the Board of Trustees accept the tendered resignation(s), the Committee shall also recommend to the Board of Trustees whether to fill the vacancy resulting from the resignation through an appointee of the Board or at the next annual meeting of unitholders or at a special meeting of unitholders, or to reduce the size of the Board of Trustees at the next annual meeting of unitholders.

The Board of Trustees shall act on the Committee's recommendation in respect of a resignation tendered pursuant to this policy, by either accepting or rejecting the resignation, within 90 days following the date of the applicable annual meeting. In considering the Committee's recommendation, the Board of Trustees will consider the factors considered by the Committee and such additional information and factors that the Board of Trustees considers to be relevant and shall, absent exceptional circumstances, accept the Trustee's resignation. Any Trustee who tenders his or her resignation pursuant to this policy shall not participate in any portion of a meeting of the Board of Trustees in which it considers whether his or her resignation shall be accepted. Following the Board of Trustees' decision on the resignation, the Board of Trustees shall: (i) promptly disclose, via press release, its decision whether to accept the Trustee's resignation offer including the reasons for rejecting the resignation offer, if applicable; and (ii) forthwith provide a copy of the press release to the Toronto Stock Exchange (by email to [disclosure@tsx.com](mailto:disclosure@tsx.com)). If a resignation is accepted, the Board of Trustees may: (i) leave the resultant vacancy in the Board of Trustees unfilled until the next annual meeting of unitholders of the REIT; (ii) fill the vacancy through the appointment of a Trustee whom the Board of Trustees considers to merit the confidence of the unitholders of the REIT; or (iii) call a special meeting of the unitholders of the REIT to consider the election of a nominee recommended by the Board of Trustees to fill the vacant position.