



## HUMAN RESOURCES AND COMPENSATION COMMITTEE MANDATE

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### **The Human Resources and Compensation Committee**

The by-laws of Suncor Energy Inc. (Suncor) provide that the Board of Directors (Board) may establish Board committees to whom certain duties may be delegated by the Board. The Board has established, among others, the Human Resources and Compensation Committee (HR&CC), and has approved this mandate, which sets out the objectives, constitution, structure, functions and responsibilities of the HR&CC.

### **Objectives**

The purpose of HR&CC is to assist the Board with oversight of executive compensation, succession planning, talent development, organizational change, incentive compensation plans and programs, and other matters as required.

### **Constitution and Meetings**

The Terms of Reference of Suncor's Board set out requirements for the composition of Board committees, the qualifications for committee membership, and specify that the chair and membership of the committees are determined annually by the Board. The Board will ensure that membership of the HR&CC includes individuals with expertise in Human Resources, Finance, Business Strategy and Executive Compensation. All members of the HR&CC are required to be independent. As required by Suncor's by-laws, unless otherwise determined by resolution of the Board of Directors, a majority of the members of a committee constitute a quorum for meetings of committees, and in all other respects, each committee determines its own rules of procedure. The HR&CC shall review this Mandate annually and recommend any amendments it deems appropriate to the Governance Committee for review and recommendation to the Board for approval.

The HR&CC will meet at least four times each year and will meet in camera without management present at each meeting.

### **Functions and Responsibilities**

The HR&CC has the following functions and responsibilities:

#### ***Executive Compensation***

1. Oversee the development and approval of the executive compensation philosophy, pay programs and guidelines that support Suncor's overall business strategic objectives.
2. Overseeing Suncor's executive compensation policies, incentive compensation program design and operations, and compensation practices.
3. Review and recommend to the Board the total executive compensation structure, including the base salary range, annual incentive opportunity, long-term incentive opportunity, perquisites, supplemental benefits including pension, and any employment agreements.
4. Review the competitiveness of Suncor's executive compensation relative to the defined market and the cost to Suncor of any change in its executive compensation to improve market competitiveness.
5. Annually review and approve overall corporate goals and objectives relevant to the compensation of the President and Chief Executive Officer ("CEO"), evaluate the CEO's performance in light of those corporate goals and



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objectives, and make recommendations to the Board with respect to the CEO's total compensation level based on this evaluation.

6. Annually review the recommendations by the CEO regarding the total compensation to be paid each year to the Executive Leadership Team ("ELT") and approve total compensation for each member of the ELT, which for the purposes of this mandate consist of all senior executives in a permanent role that report to the CEO.
7. Review and recommend to the Board the performance goals (including the full performance range, e.g. threshold, target and maximum) for any executive incentive plan, at the start of each plan year or cycle and determine whether performance goals have been achieved at the end of each plan year or plan cycle, including making any appropriate adjustments.
8. Review the cost of CEO and ELT members' total compensation (both cash costs and dilution) under different performance scenarios for alignment with Suncor's business strategies, and test pay for performance linkages for reasonableness.
9. Establish stock ownership guidelines and holding requirements for the CEO and ELT and monitor compliance.
10. Review the purpose, level, and value of executive pension plans and employment termination agreements and recommend changes to the CEO's employment termination agreement for approval by the Board and approve any changes to ELT members' agreements.
11. Annually review and recommend to the Board, the disclosure of Named Executive Officer compensation for inclusion in Suncor's management proxy circular for the annual general meeting of shareholders.
12. Ensure executive compensation related risks are understood and considered and review all material compensation programs to ensure they do not encourage excessive or inappropriate risk taking.
13. Review plans and processes for promoting equity, inclusion and diversity.

### ***Succession Planning, Talent Development and Organizational Change***

14. Annually review the succession planning process, results of the process as it related to executive roles, and the succession plans for the CEO and ELT roles including development and career planning for potential successors to ensure timely and effective continuity of leadership for Suncor; specifically:
  - a. Annually, the HR&CC will review the succession planning process and results, including procedures for emergency replacement of the CEO in the event the CEO cannot act.
  - b. Annually, the CEO supported by the Chief People Officer will provide a full review to the Board of candidates for the CEO position and candidates and development plans for ELT positions.
  - c. When required, the HR&CC will support the selection committee chosen by the Board, to recommend to the Board the appropriate compensation for the new CEO.
15. Review significant changes to the organization's structure as they arise and their impact on ELT roles and recommend to the Board the appointment of a CEO.



16. Provide oversight of human capital management including culture alignment and employee engagement.

***Incentive Compensation Plans and Programs***

17. Review and recommend to the Board any new share-based plans or significant amendments to existing share-based plans, their cost implications, alignment with strategy and pay-performance linkages; administer (or delegate and oversee the administration of) any share-based plans and approve administrative amendments to share-based plans.
18. Review and approve any material pension, benefit and incentive plans and amendments to existing plans considering their cost and risk implications, alignment with strategy, and linkages to pay for performance including environment, social and governance performance as well as accounting, tax and legal implications.

***Other Matters***

19. Review industry, regulatory and compensation governance principles and their possible impact on Suncor's human resources policies and practices and make appropriate adjustments.
20. Review and make recommendations to the Board on such other matters related to human resource issues that are specifically delegated to the HR&CC by the Board.
21. Oversee periodic review of and provide oversight on the specific Suncor Principal Risks which have been delegated to the Committee for oversight.
22. Consider and, if appropriate, engage with shareholders on issues relating to the compensation of the CEO and Named Executive Officers.

***Engagement of Consultants***

In fulfilling its mandate, the HR&CC will, on behalf of the Board, in accordance with the Board's Policy on retaining outside advisors, retain, instruct and determine the remuneration of consultants engaged to assist in the design and evaluation of CEO or executive compensation.

The HR&CC will assure itself as to the independence of those consultants, and, when circumstances warrant, will terminate their engagement and hire new consultants. Such an evaluation might include an assessment as to the character and expertise of the consultant, the quality of their work, clarity around their mandate and reporting relationship, and an awareness or approval of the financial arrangements of that consulting firm, or its affiliates, with Suncor.

***Reporting to the Board***

The HR&CC shall report to the Board on the activities of the HR&CC with respect to the above matters at each Board meeting and at any other time that is deemed appropriate by the HR&CC or upon request of the Board.

**Last updated on November 15, 2022**