

Norbord Inc.
HUMAN RESOURCES COMMITTEE – TERMS OF REFERENCE

Role of Human Resources Committee

The role of the Human Resources Committee is to assist the Board in its oversight of the selection, development, evaluation and compensation of senior management of the Company and succession planning and, in particular, to monitor the performance of the CEO and to recommend compensation for the CEO, senior officers and directors of the Company.

In addition to the above, the other role of the Committee is to assist the Board in its oversight of the funding, investment management and related administration for all of the defined benefit and defined contribution employee retirement plans (the “Plans”) of the Company and its wholly-owned subsidiaries.

Authority and Responsibilities

In carrying out its role, the Human Resources Committee has the following authority and responsibilities:

1. ***Senior Managers’ Succession and Compensation Policies***

- (a) to review with the Chief Executive Officer (“CEO”) existing management resources and plans for ensuring that qualified personnel will be available for succession to officer positions with the Company and its operating subsidiaries and to report on this matter to the Board at least annually;
- (b) to consider with the CEO proposed changes in personnel affecting the officers’ group and to submit to the Board the names of persons proposed to be appointed as officers;
- (c) to consider the compensation policies with respect to officers and submit recommendations in respect thereof to the Board;
- (d) to consider any changes to the Company’s compensation, and pension and other benefit plans involving a material annual change in cost to the Company, and to submit recommendations in respect thereof to the Board; and
- (e) to conduct periodic reviews of the status of the Company’s share purchase plan, deferred share unit plan, and stock option plan, and to submit recommendations to the Board with respect to any new equity-based compensation plan or other incentive plan or any proposed material amendments to existing plans, and any proposed awards (or changes in previous awards) under existing and recommended plans.

2. ***CEO Compensation***

- (a) to establish annually, in consultation with the CEO, the corporate goals and objectives against which to review and assess the CEO’s performance;
- (b) to review and assess the performance of the CEO against the pre-agreed corporate goals and objectives at least annually and make recommendations to the Board with respect to the CEO’s compensation; and
- (c) to conduct periodic reviews of the compensation of the CEO and other Executive Officers of the Company and, should the Committee consider that any adjustments thereto would be appropriate, to recommend such adjustments to the Board.

3. **Compensation Disclosure** – to review all executive compensation disclosure before the Company publicly discloses the information.
4. **Pension Plans**
 - (a) **Pension Management Committee**
 - (i) to oversee the funding, investment management and related administration in respect of the Plans to ensure the Company’s Pension Management Committee (“PMC”) is managing this area prudently;
 - (ii) to approve all appointments to the PMC;
 - (iii) to review and approve the appointment or termination by the PMC of any persons engaged to support the investment and funding activities of the Plans, including trustees, custodians, actuaries, investment advisors and managers and auditors; and
 - (iv) to review all regular reports of the PMC concerning the funding, investment management and related administration of the Plans, including an assessment of overall performance and compliance with regulations and approved strategies and policies;
 - (b) **Funding** – to review and approve the Company’s funding objectives and strategies in respect of its defined benefit Plans and review and monitor the funded status of these plans as well as the key actuarial assumptions and funding recommendations adopted by the PMC;
 - (b) **Investments** – to review and approve at least annually the overall investment objectives and strategies adopted in respect of Company’s defined benefit Plans, including the long term targeted asset mix, and review the underlying asset mix and management structures to satisfy itself they are consistent with the overall objectives and strategies and continue to be prudent.
5. **Reporting** –
 - (a) to report on the above matters, and submit recommendations where appropriate, to the Board from time to time as deemed advisable, but in any event not less than annually; and
 - (b) to report immediately in writing to the Board any known or anticipated material breach of any fiduciary duty, obligation, or law arising from the funding, investment management and related administration activities of the Plans; and
6. **Conflict of Interest** – to immediately disclose to the Board any material conflict of interest which could impair a member’s ability to make unbiased decisions affecting the investment, administration and management of the Plans.

Composition and Procedures

1. **Size** – The Human Resources Committee will consist of a minimum of three directors. The members of the Committee and the Chair of the Committee are appointed by the Board upon the recommendation of the Corporate Governance and Nominating Committee and may be removed by the Board in its discretion.
2. **Qualifications** – All members of the Committee must be “independent” directors within the meaning of section 1.4 of Multilateral Instrument 52-110.
3. **Meetings** – The Committee will meet at least once a year and a portion of each meeting will be held without the presence of management.

4. ***Review of CEO Compensation*** – The review and assessment of the CEO against the pre-agreed corporate goals and objectives for the Company will occur in two stages – in conversation with the CEO and, subsequently, with the Board in the absence of the CEO.
5. ***Evaluation*** – The Committee will conduct an annual evaluation of the performance of the Committee and the adequacy of these terms of reference and recommend any proposed change to the Board for approval.