

## **CHARTER OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS OF NORDION INC.**

### **I. Purpose**

The primary function of the Human Resources and Compensation Committee (the "Committee") of the Board of Directors (the "Board") of Nordion Inc. (the "Company") is to assist the Board in carrying out its responsibilities relating to human resources, including performance, development, compensation and succession. For purposes of this Charter, "compensation" shall include, but not be limited to, cash or deferred payments, incentive and equity compensation, benefits and perquisites, employment terms and conditions, retention and/or termination/severance agreements and any other programs which would be considered compensation by regulatory bodies.

### **II. Approval of the Charter**

The Committee shall review and reassess annually the adequacy of this Charter. Future changes of a material nature to this Charter require approval by the Board based on the recommendation of this Committee.

Authority to make minor technical amendments to this Committee Charter is delegated to the Corporate Secretary of the Company, who shall report any amendments to the Committee and Board of Directors at its next meeting.

### **III. Structure and Composition**

The Committee will consist of at least three independent Directors, all of whom shall meet the independence requirements of applicable law and the listing standards of the Toronto Stock Exchange and the New York Stock Exchange. Each proxy statement for the Company's annual shareholder's meeting will disclose the basis for this determination by the Board.

The members of the Committee shall be appointed by the Board annually or until successors are appointed on the recommendation of the EHS & Governance Committee.

The Board shall normally designate the Chair of the Committee. In the event that a Board designation is not made, the members of the Committee shall elect a Chair by majority vote of the full Committee. The Top HR Executive for Human Resources of the Company shall act as secretary to the Committee. In the event that the Chair of the Committee does not attend a meeting of the Committee, the members of the Committee shall elect a temporary Chair for such meeting by the majority vote of the members in attendance at the meeting.

Compensation for Committee members shall be approved by the Board on the recommendation of the EHS & Governance Committee.

Once appointed, Committee members shall cease to be a member of the Committee upon removal by the Board at any time for any reason.

### **IV. Committee Meetings**

The Committee shall meet at least four times annually and more frequently as circumstances dictate. A majority of Committee members present in person or by phone shall constitute a quorum, and the Committee shall act only on the affirmative vote of a majority of the members present at the meeting.

The Committee may invite members of Management, consultants or advisors to its meetings as it may deem desirable or appropriate. The Committee shall meet "in camera" at each meeting. Notice of all meetings of the Committee shall be sent to the Committee members.

## **V. Chair**

The Chair of the Committee shall have the duties and responsibilities set forth in Appendix "A".

## **VI. Resolutions**

Resolutions of the Committee passed at a meeting shall require approval by a simple majority of members voting on such resolution. Any decision or determination of the Committee reduced to writing and signed by all of the members of the Committee shall be fully as effective as if it had been made at a meeting duly called and held.

## **VII. Committee Authority and Responsibilities**

The following are the duties and responsibilities of the Committee:

1. In consultation with Management, to establish and review periodically the Company's compensation philosophy and practices and to make recommendations to the Board for any material changes in the compensation philosophy.
2. To review periodically the effectiveness of the Company's overall management organization structure and the Chief Executive Officer's ("CEO") proposals for changes and to review, on an annual basis, the succession plan for the CEO's direct reports and for designated key executive positions.
3. To review and recommend annually to the Board the goals and objectives of the CEO, to evaluate the performance of the CEO in light of these goals and objectives and to recommend to the Board for approval, the CEO's compensation based on this evaluation of performance and the competitive compensation in the relevant comparator group.
4. To review and approve the compensation of the CEO's direct reports.
5. To review the Company's human resources management processes for assessing the performance and development of senior executives and to review annually the performance and development requirements for the CEO and the CEO's direct reports, including the CEO's recommendations relating to the hiring, termination, promotion and compensation related to the CEO's direct reports.
6. To review and approve the overall compensation opportunities as recommended by the CEO for senior executives below the CEO's direct reports.
7. To review and approve annually the terms and conditions applicable to the compensation programs for all senior executives, including the CEO and the CEO's direct reports, including a periodic evaluation of the market competitiveness of the cash, retirement and equity compensation programs for senior management.
8. To review and make recommendations to the Board on any new equity-based compensation plan, on any new short-term, mid-term or long-term incentive plan (or other incentive compensation arrangements) or on any material change to the Company's short-term, mid-term and long-term incentive plans.
9. To provide oversight of the Corporation's Employee Stock Option Plan, Stock Purchase Plan, and such other equity based plans as may be delegated to it from time to time by the Board.
10. To review and recommend to the Board any change of control agreements, or any executive management agreement, severance or similar termination payment proposed to be made to the CEO and review and approve any executive management agreement, severance or similar payments proposed to be made to the CEO's direct reports.
11. To provide pension plan oversight specifically related to plan governance through the management of plan design, performance, and changes in retirement plan benefits. Specific responsibilities include review of a detailed report of delegated accountabilities from the Nordion Inc. Retirement Committee.
12. To provide rewards program oversight ensuring, at a minimum, compliance with the Sarbanes-Oxley Act as required for executive compensation purposes, including but not limited to the recoupment of incentive and equity compensation payments made to the CEO and CFO based on accounting results that are restated as a result of misconduct.
13. To review current trends and developments in matters of executive rewards and related corporate governance matters.

14. To provide an annual report on executive officer compensation as required by the Canadian Securities Administrators, US Securities and Exchange Commission and other regulatory bodies.
15. To prepare written minutes of all its meetings and to provide a copy of the minutes to all members of the Board and to report the actions and recommendations of the Committee to the Board after each Committee meeting.
16. To conduct an annual evaluation of its performance in conjunction with the overall Board assessment.
17. To review this Charter annually, to recommend any proposed changes to the Board and to post a copy of the Charter on the Company's website.
18. In its discretion and as appropriate, to delegate duties and responsibilities to a Member of the Committee or to a subcommittee.
19. To carry out any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to the Company's compensation programs.

#### **VIII. Advisors**

The Committee shall have the sole authority to retain and terminate consultants and advisors as it may deem appropriate in its discretion including the sole authority to approve their anticipated annual Scope of Work, fees and retention forms. The Committee shall review and assess the performance of the consultants on an annual basis. The corporation shall provide for appropriate funding as determined by the Committee, for payment of compensation to the independent consultants and advisors. The Committee shall meet in camera on a regular basis with the principle compensation consultant retained by the Committee as necessary, and at least once annually. The Committee shall review and pre-approve any additional work to be done for the Company by the consulting firm or its parents or affiliates.

#### **IX. Limitations on Committee's Duties**

In discharging its duties, each member of the Committee shall be obliged to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended, or should be determined to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all members of the Board are subject.

The essence of the Committee's responsibilities is to monitor and review the activities described in this Charter to gain reasonable assurance, but not to ensure, that such activities are being conducted properly and effectively by the Corporation.