

FROM OVERSIGHT TO INFLUENCE: THE EXPANDING ROLE OF THE HRCC CHAIR

Authors: Emily Magisano & Jenny Mun

The role of the Human Resources and Compensation Committee (HRCC) Chair continues to evolve at a rapid pace. With heightened attention on human capital, increased shareholder scrutiny, and a more complex operating environment, today's HRCC Chairs face a broader and more demanding mandate than ever before.

This article examines how the role is changing and highlights key behaviours and practices that define effective leadership. We will explore:

1. What's Changing for HRCC Chairs
2. HRCC Best Practices: Managing Meeting Flow and Time
3. Behaviours of an Effective Chair

Note: this article updates a previous Hugessen publication from 2010, which can be found [here](#).

What's Changing for HRCC Chairs

Expectations for HRCC Chairs have expanded significantly in recent years. What was once a narrowly focused role has grown in scope, visibility, and complexity. Key shifts include:

1. Broader Mandate: Talent and Human Capital Oversight

Committees are now expected to oversee talent and human capital strategy, particularly at the executive level, where these factors drive performance and long-term value creation.

2. Greater External Pressure and Accountability

Public scrutiny of executive compensation has intensified. Proxy advisors such as ISS and Glass Lewis are increasingly willing to recommend withholding support for Chairs who fail to meet expectations, making the role more visible and demanding.



3. Closer Collaboration with Management

Today's HRCC Chairs work in strong partnership with management to advance the human capital agenda. That said, certain issues, such as CEO compensation, remain squarely within the Board's purview and should be handled independently.

There are few hard-and-fast rules for HRCC Chairs. Beyond regulatory and disclosure requirements, most compensation matters lack strict guidelines. The role demands sound business judgement, contextual awareness, and the ability to navigate complexity where clear answers rarely exist.

HRCC Best Practices: Managing Meeting Flow and Time

Managing airtime is important, but governance best practices emphasize that effectiveness is measured by the quality, depth, and relevance of discussion, not just time allocation.

The Chair's responsibility is to ensure that meetings focus on the right topics, and that discussions are purposeful and appropriately scoped.

Practical tips for structuring effective meetings:

1. Include Regular In-Camera Sessions

Opening and closing in-camera sessions foster candid dialogue and reinforce the Board's independence. These should be a standing agenda item, managed with discipline to avoid unnecessary concern from Management.

2. Balance Compensation and Human Capital Topics

With limited meeting time, agendas must reflect the Committee's full mandate. While compensation matters often dominate airtime, human capital oversight is equally essential, and Chairs play a central role in elevating those conversations.

3. Prioritize Discussion Over Data Review

To avoid consuming meeting time with data validation, Chairs should review and confirm key facts with advisors and Management in advance.

4. Avoid Artificial "Time Crunches"

Significant decisions, such as year-end awards, are rarely required immediately. Allowing space for reflection, even by scheduling an additional "special" meeting, can lead to better-informed outcomes. Chairs should feel empowered to slow decisions when necessary to support robust oversight.

It is not just about managing time – it is about exercising sound judgement. Throughout the year, Chairs should track key decisions, unexpected events, and their rationale to support year-end adjudication and disclosure. When outcomes appear misaligned with performance, the Chair must lead the conversation, even if it means challenging formulaic results. For more on this, [see our article on applying discretion](#).

Behaviours of an Effective HRCC Chair

Technical expertise alone does not make an effective HRCC Chair. Leadership behaviours matter. Key attributes include:

1. Adaptability and Presence

Effective HRCC Chairs adapt their style to the Committee's needs – sometimes leading decisively, other times stepping back to facilitate consensus. Emotional intelligence is critical: knowing when to lead from the front, and when to guide from behind.

2. Navigating Relationships and Culture

The HRCC Chair plays a critical role in CEO performance discussions, requiring a balanced, objective relationship with the CEO and Management. Building trust and understanding organizational culture are essential when addressing people-related issues.

3. Driving Committee Effectiveness

Ultimately, an effective Chair ensures the Committee invests its time wisely and operates at its best. This requires clear judgement about priorities and the ability to steer discussions accordingly.

Conclusion

As macroeconomic conditions shift and public interest of executive compensation and talent management grows, the HRCC Chair's role will continue to expand. Over the next decade, emerging themes such as diversity, equity, and inclusion (DEI), digital transformation and AI, and increasing shareholder activism, will shape the HRCC agenda and Chair's role.

While significant regulatory change may not be imminent in North American, developments in other jurisdictions, such as Europe, could influence future governance and disclosure expectations.

In this evolving landscape, the most effective Chairs will be those who go beyond managing mechanics. They will bring clarity, sound judgement, and foresight to ensure the Committee remains focused on what matters most.