

## CANADA DEPOSIT INSURANCE CORPORATION ("CDIC")

### GOVERNANCE AND NOMINATING COMMITTEE

#### CHARTER

##### PURPOSE

The purpose of the Governance and Nominating Committee (the "Committee") of the Board of Directors (the "Board") of Canada Deposit Insurance Corporation (the "Corporation") is to assist with Board oversight of: governance issues affecting the Corporation to ensure that appropriate processes, structures and information necessary for effective direction and oversight are in place to contribute to the success of the Corporation; and the succession of the Chairperson and the non-*ex officio* Directors.

This charter includes the provisions relating to the Committee contained in the Corporate By-law of the Corporation. The Committee, as a standing committee of the Board, derives its mandate and responsibilities, beyond those prescribed in the Corporate By-law, from the Board. The foregoing provisions result in the following charter for the Committee.

##### A. Operating Principles

###### 1. Functions and Composition –

- (a) There shall be a Governance and Nominating Committee, the members of which shall be two or more of the non-*ex officio* Directors, one of whom shall be the Chairperson of the Board, and one or more of the *ex officio* Directors, as named by the Board.
- (b) Members of the Committee shall each be independent of Management and the Corporation.
- (c) The Committee will carry out the duties outlined in this Charter and such other functions as are assigned or delegated to it by the Board.

2. **Chair** – The Committee shall be chaired by one of its members who is a non-*ex officio* Director, as selected by the Board. Where at any meeting the Chair is absent, one of the members of the Committee who is chosen so to act by the members present shall preside and have all the powers of the Chair.

3. **Quorum** – The presence of three members constitutes a quorum for a meeting of the Committee.

4. **Voting** – A matter put to a vote at a meeting of the Committee shall be decided by a majority of the votes cast, and in the event of an equality of votes the Chair has a second vote.

5. **Procedure and Conduct** – Subject to other provisions of the Corporate By-law, this Charter, and to any resolution of the Board respecting a specific matter, the Chair shall determine the procedure at and conduct of meetings of the Committee.

6. **Minutes** – Once they have been approved by the Committee, copies of the minutes of the proceedings of the Committee shall be sent by the Corporate Secretary to all of the Directors.
7. **Frequency of Meetings** – The Committee will meet at the discretion of the Chair, but not less frequently than twice each year.
8. **Meeting Agenda** – A written agenda for each meeting of the Committee will be distributed to the members of the Committee at least five days in advance of the meeting date, together with any related materials, if available.
9. **Supplemental Attendees** – Any person who may possess information that would be useful to the Committee in carrying out its duties may be invited by the Chair or acting Chair to attend any meeting of the Committee.
10. **Term of Appointment/Rotation of Committee** – Members of the Committee should be changed on an appropriate, regular basis. Such change should be on a rotation basis in order to ensure that the entire Committee is not changed at any one time.
11. **Reporting** – The Committee will, where appropriate, provide an oral report of each meeting of the Committee at the next regular Board meeting or as may otherwise be required by the Board. If practicable, any report to the Board will be in writing.
12. **Review of Charter** – The Committee shall review and assess the adequacy of this Charter at least annually. If the Committee recommends any amendments, the Committee shall submit a revised Charter to the Board for its approval.
13. **Self-assessment** – An evaluation of the Committee shall be conducted regularly, in which the Committee shall review its performance for the purpose, among other things, of assessing whether the Committee fulfilled the responsibilities and duties stated in this Charter.
14. **Disclosure** – The Committee shall ensure that this Charter and its composition are publicly disclosed.
15. **Independent Counsel or Other Advisors** – The Committee has the authority to engage outside advisors, including but not limited to counsel, independent consultants and/or other experts, as needed, to review any matter under its responsibility, in accordance with the Board's Policy respecting Engagement of Separate Independent Counsel or Other Advisors.
16. **Conflict of Interest** – In the event that the succession of the Chairperson or a non-*ex officio* Director of the Board who is a member of the Committee is the subject of deliberations of the Committee, the following provisions shall apply:
  - (a) the Chairperson or non-*ex officio* Director, as the case may be, shall disclose the existence of the conflict in writing to the Committee or request to have the existence of the conflict entered into the minutes of a meeting of the Committee;

- (b) where the deliberations relate to the Chairperson's succession, and if the Chairperson is the Chair of the Committee at that time, the Chairperson shall appoint another member of the Committee to preside over the Committee for the duration of such deliberations;
- (c) the Chairperson or non-*ex officio* Director, as the case may be, shall recuse himself or herself from any meeting of the Committee at which the succession of the Chairperson or non-*ex officio* Director is deliberated for the duration of any such deliberations;
- (d) the Chairperson or non-*ex officio* Director, as the case may be, shall not vote on any resolution relating to his or her succession that is considered at any such meeting of the Committee; however, if present, the Chairperson or non-*ex officio* Director shall be counted to determine the presence of a quorum for that meeting; and
- (e) the provisions of this paragraph A.16 apply *mutatis mutandis* to the Chairperson's or the non-*ex officio* Director's conflict, as the case may be, when the matter is deliberated or voted on at a Board meeting.

## **B. Principal Duties and Responsibilities**

1. **Governance and Succession Planning Duties and Responsibilities** – The Governance Committee shall undertake such governance initiatives as may be necessary or desirable to ensure that the appropriate processes, structures and information necessary for effective direction and oversight are in place to contribute to the success of the Corporation, and shall have oversight responsibility for succession planning for the positions of the Chairperson and the non-*ex officio* Directors.
2. **Training** – The Committee shall review, monitor and make recommendations to the Board regarding the orientation, training and ongoing development of Directors.
3. **Compensation** – The Committee shall from time to time review the non-*ex officio* Directors' compensation program and if appropriate make recommendations to the Board.
4. **Charters** – The Committee shall annually review and recommend, for Board approval: any proposed amendments to the Board Charter and, in consultation with the affected Board Committees, any proposed amendments to Board Committee Charters.
5. **Meetings** – In consultation with the President & CEO, the Committee shall assess the needs of the Board in terms of the frequency and location of Board and Board Committee meetings, meeting agendas, documents and information, and the conduct of meetings, and make recommendations to the Board.
6. **Significant Issues** – The Committee shall develop a process to assist the Board in determining whether the Board is satisfied with the manner, frequency and timeliness with which significant issues are brought to its attention, as well as the appropriateness of that information.

7. **Board Effectiveness** – The Committee shall recommend to the Board, and if approved by the Board, implement a method for regularly evaluating and assessing the effectiveness of the Board, the Chairperson and of individual Directors, and recommend any changes to the method.
8. **Independent Counsel** – The Committee shall ensure there is a system that enables a Board Committee or a Director to engage separate independent counsel or other advisors in appropriate circumstances, at the Corporation's expense.
9. **Review of Objects, etc.** – On a periodic basis, the Committee shall review the Corporation's objects, duties and powers as set out in the *Canada Deposit Insurance Corporation Act* and make any recommendations it sees fit to the Board.
10. **Public Disclosure** – The Committee shall recommend to the Board any reports on governance that may be required or considered advisable for public disclosure.
11. **Profiles** – The Committee shall:
  - (a) Develop, recommend for Board approval and annually review both a Board profile and a Director profile of qualifications, knowledge, experience, skills, abilities, attributes, understanding and commitment needed to effectively fulfil the Board's responsibilities, that takes into consideration the current strengths, skills and experience on the Board, terms of appointment, retirement dates and the strategic direction of the Corporation.
  - (b) Develop, recommend for Board approval and regularly review an accountability profile for the position of Chairperson including the education, experience, knowledge and personal suitability sought for the position.
  - (c) In consultation with the President & CEO, develop and implement a process to communicate the above profiles to the appropriate governmental officials.
  - (d) When a vacancy for the position of Chairperson or a non-*ex officio* Director occurs, consider the most recently recommended profile and update it, if required.
12. **Succession Process** – The Committee shall:
  - (a) Develop and implement a process relating to the identification and assessment of potential candidates for the position of Chairperson and a non-*ex officio* Director taking into account applicable government recommendations and policies.
  - (b) Provide advice and recommendations to the Board concerning potential candidates for the position of Chairperson and a non-*ex officio* Director .
  - (c) Provide the Board with regular progress reports and updates concerning the succession of the Chairperson and the non-*ex officio* Directors .
  - (d) In consultation with the President & CEO, develop and implement a process to communicate the names of potential candidates to the Minister, in keeping with applicable government recommendations and policies.

- (e) Recommend to the Board, when appropriate:
  - i. the services of such professional consultants as the Committee considers necessary to: (1) assist the Committee in developing selection criteria concerning the succession of the Chairperson and the non-*ex officio* Directors; (2) assist the Committee in identifying and assessing candidates; (3) develop possible options regarding candidate recommendations to be provided to the Minister for his or her approval; and (4) provide such other advice or services as the Chairperson, the Committee or the Board may deem appropriate; and
  - ii. the terms and conditions of any such engagement.

13. **Public Awareness** – The Committee shall:

- (a) review and recommend for Board approval, CDIC's long-term public awareness strategies and high-level plans for informing the public about CDIC deposit insurance;
- (b) annually receive from Management the public awareness plan of activities for the next fiscal year based on the Board-approved long-term strategy and high-level plan currently in effect; and
- (c) annually receive the results of the plan of activities for the year just ended.