

CANADA DEPOSIT INSURANCE CORPORATION BOARD COMMITTEE CHARTER

CDIC's Board of Directors Charter outlines the duties, roles, and responsibilities of individual Directors, and the Board as a whole. We delegate certain activities and decision-making privileges to standing and *ad hoc* Board Committees, to help fulfill our duties; to ensure a comprehensive review of key issues; and to tap the specific talents, skills and knowledge of individual Directors, to inform and educate the full Board on particular areas of interest or concern.

The Board is currently supported by the following standing committees:

Audit Committee

The Audit Committee assists the Board in fulfilling its oversight responsibilities with respect to financial management, as well as CDIC's financial reporting processes, internal controls, and independent audits.

Financial Management Oversight

We review and make recommendations to the Board on CDIC's compliance with policies and procedures relating to external borrowing and to the investment of the Corporation's cash assets in short-term and long-term securities. We monitor the annual operating budget and capital budget, as well as significant project budgets, and advise the Board on any concerns or significant changes. We review reports on the Chairperson's, Directors', and Officers' expenses, to ensure integrity and compliance with government guidelines.

Financial Reporting

We oversee financial reporting to ensure all statements and reports are presented in accordance with relevant standards and practices for Crown corporations. Our members are financially literate, with at least one holding financial expertise credentials. We approve CDIC's Quarterly Financial Reports, and review and make related recommendations to the Board on the Annual Report. We examine the accuracy of the reporting and disclosure process, and monitor accounting policies and principles to ensure the reliability of CDIC's financial information as a whole.

Internal Controls and Risk Management

We oversee the establishment of an internal controls framework, monitor its compliance and effectiveness, and make recommendations to the Board on improvements. We ensure that CDIC has a process to investigate complaints related to integrity and behaviour that could result in a loss or liability to the Corporation. We review financial risk management policies and practices provided by Management, and assess the impact of actual or emerging risks on financial reporting and disclosure.

Internal Audit Function

We regularly review the organizational structure, budget, resources and performance of the internal audit function. We assess and approve the annual internal audit plan, and consider quarterly reports which detail progress against the plan, performance standards, operating budget updates, and implementation of action plans by Management.

We approve the appointment and removal of the Chief Internal Auditor and regularly evaluate their performance. The Chief Internal Auditor reports directly to the Committee (functionally) and to the Chief Executive Officer (administratively) to maintain their independence from Management.

External Auditors

We oversee the Office of the Auditor General (OAG)'s audits of the Corporation. We review and make recommendations to the Board on the external annual audit plan, related expenses and service requirements. We examine and advise the Board on the OAG's annual report and management letters, and monitor the implementation of action plans by Management. We meet with the OAG on a regular basis, and report to the Board on any relevant matters, as well as on the overall effectiveness of the external auditors.

Special Examinations

We examine, monitor, and make recommendations to the Board on OAG special examination criteria and plans, which aim to provide reasonable assurance that CDIC's assets are safeguarded, and that resources are managed economically and efficiently. We assess and advise the Board on findings, and review the results with both the OAG and Management to ensure adequate follow-up.

Governance and Human Resources Committee

The Governance and Human Resources Committee assists the Board in fulfilling its oversight responsibilities with respect to Environment, Social, Governance (ESG), corporate governance, human resources, and compensation.

Corporate Governance Framework

We are committed to leadership in corporate governance. We regularly review CDIC's governance framework and instruments to ensure adequate responsibility, accountability, and oversight is in place to assess and manage emerging risks. We examine the mandates of the Board, its Committees, and its Chairs, to ensure they continuously reflect best practices and organizational needs.

Environmental, Social and Governance Framework

We review CDIC's ESG Strategy and advise the Board on its goals and planned outcomes. We ensure both the strategy and implementation framework continue to be on track; that they continue to identify and prioritize new opportunities; and learn from regular peer benchmarking.

Human Resources Policy Framework

We examine the policy framework governing all human resources matters at CDIC, as well as annual plans and strategies, to assess and monitor the implementation of key objectives, talent management practices and effectiveness, and workforce requirements. We review key human resources policies, strategies, and codes; oversee their implementation; recommend changes to the Board; and monitor compliance on an ongoing basis.

Compensation Programs and Planning

We review and approve CDIC's total compensation philosophy as recommended by Management, to ensure it reflects industry best practices, and contributes to the achievement of the Corporation's

objectives. Once approved, we recommend that the Board approve. On an annual basis, we review the total compensation package and approve the Employee Incentive Pay envelope.

Board Effectiveness

We regularly review the performance assessment processes for the Board, its Committees, and Directors individually, and oversee annual evaluations. We identify and engage in learning and development opportunities to ensure Directors are aware of emerging trends and risks in governance, and can adapt accordingly to meet the needs of the Corporation.

President and CEO

We work with the President and CEO to establish annual objectives, review performance, and make recommendations to the Board with respect to compensation and at-risk pay, in line with government guidelines.

Corporate Officers

We review the President and CEO's recommendations to the Board on the appointment, development, and succession of all corporate officers, and review descriptions of their roles, responsibilities, and authorities. We solicit feedback from the Committees and provide observations to the President and CEO on the performance of corporate officers.

Board Appointments and Succession Planning

We develop a strategy to play a constructive role to support the Government's recruitment processes, to identify potential successors for the Chairperson, Private Sector Directors, and the President and CEO. We regularly update a skills matrix for Board members, as well as accountability profiles for both the Chairperson and Directors, to ensure potential candidates reflect CDIC's governance needs.

Risk Committee

The Risk Committee assists the Board in fulfilling its oversight responsibilities with respect to the identification, assessment, management, and reporting of key risks.

Enterprise Risk Management Framework

We oversee the Corporation's Enterprise Risk Management (ERM), including the internal control framework and related strategies and policies, to ensure risks are being adequately identified and managed in a timely, efficient, and effective manner. We regularly receive information on key and emerging risks - both those where CDIC is exposed directly or indirectly through its member institutions - and review the policies, systems and controls in place to manage those risks. We review risk management policies and practices provided by Management, and assess the impact of actual or emerging risks on the overall enterprise. We assess the effectiveness of the overall ERM framework, recommend changes to the Board as required, and monitor compliance on an ongoing basis.

Risk Appetite Statement

We review and make recommendations to the Board on CDIC's risk appetite statements, tolerances, and limits, to mitigate risks and to seize opportunities for CDIC to attain its strategic objectives.

Member Risk Assessment, Preparedness and Resolution

We review the methodology of, and regularly examine, member risk assessments, to identify, assess, and manage key risks to which the Corporation is or may be exposed. We hold in-depth discussions on

high-risk members, and make recommendations on mitigation, preparedness, and resolution strategies to the Board.

Internal Risk Function

We regularly review the organizational structure, budget, resources and performance of the internal risk management function. We hold regular in camera sessions with the Chief Risk Officer, who reports directly to the Committee and to the President and CEO to maintain independence from Management.

Operations

Information on Committee operations can be found in CDIC's Corporate By-Law.

Our Commitment

The aim of the Committees Charter is to establish foundational expectations to guide our decisions and actions, and to which we will be held accountable. Our Board will regularly review this document, as well as the Committee structure and functioning as a whole, to ensure it continually reflects CDIC's relevant Acts, the circumstances and needs of the Corporation, sound business and financial practices, and guidance on matters of governance specific to Crown corporations. Implementation of the Committees Charter will adapt to changing circumstances.

Date Effective: September 29, 2023