

## CANADA DEPOSIT INSURANCE CORPORATION BOARD OF DIRECTORS CHARTER

### Who We Are

We are the Board of Directors of Canada Deposit Insurance Corporation (CDIC), the federal Crown corporation that contributes to the stability of the financial system by protecting the deposits of Canadians at member institutions in the event of a failure. We also serve as the Board of Canada's resolution authority, which is responsible for taking the lead when any of CDIC's members reaches the point when it is no longer viable<sup>1</sup>.

We aim to be a diverse and inclusive Board, who work together to earn the trust of Canadians, the Minister and Parliament, by using our combined skills and experiences to make careful, rational, and well thought out decisions that fulfil CDIC's mandate. We are distinctive in our structure, with a Chairperson and five independent private sector directors who bring practical experience from the business world to the table, and five public sector directors who provide knowledge of the financial, supervisory, and regulatory environment.

We provide an open and welcoming environment for Directors to be candid with one another and with Management, while always acting honestly and in good faith with the best interests of the Corporation and Canadians in mind. We ensure that CDIC communicates clearly and consistently to Canadians and is transparent in demonstrating how the Corporation governs itself.

### What We Do

CDIC strives to earn the trust of Canadians, as the global leader in deposit insurance and resolution. CDIC reports to Parliament through the Minister of Finance, and is governed by the *CDIC Act*, the *Financial Administration Act*, as well as internal policies and by-laws.

As CDIC's Board of Directors, we are responsible for:

1. **Tone at the Top** – We set and reflect CDIC's culture and values through our words and actions, promoting trust and transparency throughout the Corporation, and providing informed, fearless, and impartial advice to the Minister and Parliament to guide decisions.
2. **Strategy and Major Policies** – We guide and approve CDIC's strategy and objectives, monitor its progress towards those objectives, and are part of and approve any major policies.
3. **Enterprise Risk Management** – We ensure there is a clear framework in place for the Corporation to manage risks in accordance with its Risk Appetite Statement.
4. **Financial Reporting** – We are accountable for ensuring that reporting is timely and accurate, and in line with CDIC's mandate. We ensure that internal control systems and practices are in place and working to safeguard the Corporation's resources.
5. **Leadership Development and Succession Planning** – We assist in the process to identify the right people to enable CDIC to meet its strategic plans and objects. We then take an active role in their development and evaluation.
6. **Corporate Governance** – We communicate the needs and expectations of our Board widely, to ensure candidates have the appropriate skills, experience, information, and confidence to act

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<sup>1</sup> For more information on CDIC's powers and objects, please refer to Section 7 of the [CDIC Act](#).

decisively both in the normal course of business and in times of crisis. We seek ongoing feedback to ensure that our governance practices exceed industry standards. We engage in education and development opportunities to make sure our skills remain sharp and that we are cognizant of the impact of emerging trends.

### **How We Do It**

We fulfill our role and responsibilities both directly and through our Committees, as follows:

#### *Culture*

We act with integrity and set a culture of trust and transparency. We do this by behaving in a manner where CDIC's Board and Management feel comfortable expressing themselves, and providing an environment that encourages challenge and candidness. We work with Management to foster these expectations throughout the Corporation in a way that is consistent with our values and objectives.

#### *Strategy*

We are accountable to Parliament in ensuring that Canadians' deposits are protected. We show leadership by contributing to the strategic planning process, identifying, and considering options, providing direction on strategic choices, and mitigating the impact of associated risks and monitoring performance. We review and approve CDIC's corporate plan annually, including the capital and operating budgets and borrowing plan. We monitor and regularly evaluate CDIC's performance in implementing its approved strategies, plans, and budgets.

#### *Enterprise Risk Management*

We oversee the establishment of an Enterprise Risk Framework; identifying and monitoring emerging and key risks; ensuring appropriate risk management policies, procedures and practices are in place and are in line with CDIC's Enterprise Risk Framework; reviewing, assessing, and approving CDIC's Risk Appetite Statements; and, overseeing and approving CDIC's resolution approach.

We drive continuous improvement to ensure CDIC remains prepared to resolve one or more member institutions at any given moment. We undertake frequent, realistic testing exercises as a Board, and take advantage of educational opportunities to ensure we are ready to respond and make decisions in a resolution event.

#### *Financial Oversight*

We oversee the accuracy and timeliness of the Corporation's financial reporting and ensure that internal control systems, practices, and accounting principles support the integrity of information. We work with our internal and external auditors to ensure the management of CDIC's resources remains sound. We ensure that public disclosure of the Corporation's reports meets legislative requirements and is consistent with our commitment to being transparent and accountable to Canadians.

#### *Leadership Development and Succession Planning*

We review CDIC's human resources management to ensure the Corporation continuously attracts, develops, and retains world-class talent. We ensure CDIC has the right leadership in place, who contribute and support the health of the organization and employees as a means of meeting its mandate and contributing to its success. We do this by providing Chairperson, Board, and CEO Accountability and Competency Profiles to the Privy Council Office and to the Minister of Finance, to ensure we have the right people in these key roles.

We then work with the CEO to establish annual objectives, and independently evaluate their performance. We also approve the appointment of all senior officers of the Corporation, contribute to their development, and oversee the succession planning process, to ensure we are promoting and supporting the best candidates for the roles.

#### *Corporate Governance*

We establish, review, and continually update our processes and procedures to ensure we are carrying out our role at CDIC to the highest standards, both individually and collectively. We aspire to have our practices exceed industry standards and we consistently benchmark against our peers to ensure governance excellence.

#### **Our Commitment**

The aim of our Charter is to establish foundational expectations to guide our decisions and actions, and to which we will be held accountable. We will annually review this document 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 Charter will adapt to changing circumstances.

Date Effective: December 9, 2021