

**CANADA DEPOSIT INSURANCE CORPORATION  
GOVERNANCE AND HUMAN RESOURCES COMMITTEE**

**CHARTER**

**Purpose and Mandate**

The purpose of the Governance and Human Resources Committee (the “Committee”) of the Board of Directors (the “Board”) of Canada Deposit Insurance Corporation (the “Corporation”) is to assist the Board in fulfilling its oversight responsibilities with respect to key corporate governance and human resources and compensation matters.

The Committee’s responsibilities include assisting with the Board’s oversight of: corporate 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; the succession of the Chairperson and non-*ex officio* Directors; the succession of the President and Chief Executive Officer (“President & CEO”) and senior management; the review and recommendation of annual objectives for, and the performance of the annual evaluation of, the President & CEO; and key human resources and compensation policies, processes, and strategies, including policies and processes relating to employee business conduct and ethical behaviour. The Committee’s responsibilities are set out in detail in Section C, below.

The Committee, as a standing committee of the Board, derives its mandate and responsibilities from the Board.

**A. Operating Principles and Procedures**

**1. Functions and Composition –**

- a. There shall be a Governance and Human Resources 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 should be changed on an appropriate, regular basis. When possible, such change should be on a rotation basis in order that the entire Committee is not changed at any one time.
- c. All members of the Committee shall be independent of Management and the Corporation.
- d. 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. Competencies –**

- a. All members appointed to the Committee shall either:
  - i. have an understanding of issues related to corporate governance and human resources, upon appointment; or
  - ii. undertake to acquire the necessary knowledge within a reasonable time after their appointment to the Committee.

- b. Where appropriate, Committee members will enhance their familiarity with corporate governance and human resources concepts and practices by keeping abreast of trends and best practices in these areas including considering topical issues and their application to the Corporation, and by participating in educational sessions or other opportunities for development.
3. **Chair and acting Chair** – The Chair of the Committee shall be a non-*ex officio* Director, other than the Chairperson of the Board, as selected by the Board. Where at any meeting the Chair is absent, one of the members of the Committee, other than the Chairperson of the Board, who is chosen so to act by the members present shall preside and have all the powers of the Chair.
4. **Frequency and Calling of Meetings** – The Committee shall meet at the discretion of the Chair, but not less frequently than three times each year. Meetings may also be called by any other member of the Committee or the President & CEO.
5. **Meeting Agenda** – A written agenda for each meeting of the Committee shall be established by its Chair, in consultation with Management, and distributed to the members of the Committee at least five days in advance of the meeting date, together with any related materials, if available.
6. **Quorum** – The presence of three members constitutes a quorum for a meeting of the Committee.
7. **Supplemental Attendees** – Any Director may attend any meeting of the Committee. 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.
8. **Procedure and Conduct** – Subject to other provisions of this Charter, the Corporate By-law, and any resolution of the Board respecting a specific matter, the Chair shall determine the procedure at and conduct of meetings of the Committee.
9. **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 its Chair has a second vote.
10. **Private Meetings (*in camera*)** – The Committee shall meet privately as a committee at each regular meeting, and periodically with the President & CEO in a separate private session.
11. **Minutes** – The Corporate Secretary shall provide copies of the approved minutes of the proceedings of the Committee to all Directors upon request.
12. **Reporting** – The Committee shall, 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 shall be in writing.
13. **Disclosure** – The Committee shall ensure that this Charter and the composition of the Committee are publicly disclosed.
14. **Conflict of Interest (Succession)** – In the event that the succession of the Chairperson of the Board or a non-*ex officio* Director 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 the 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 his or her succession is deliberated upon 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 section A.14 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 upon or voted on at a Board meeting.
15. **Workplan** – The Committee shall, in consultation with Management, develop an annual workplan responsive to the Committee's duties and responsibilities.
  16. **Self-assessment** – The Committee shall review its performance regularly and assess whether the Committee has fulfilled its responsibilities and duties as stated in this Charter. The Committee shall also regularly assess the effectiveness of its Chair.
  17. **Review of Charter** – The Committee shall review and assess the adequacy of this Charter annually. If the Committee considers that amendments are necessary, the Committee shall recommend such amendments to the Board for its approval.

## B. Authority

1. **Investigation** – In assisting the Board in discharging its oversight responsibilities, the Committee is empowered to investigate any matter under its responsibility, with full access to all books, records, facilities and personnel of the Corporation.
2. **Information** – The Committee is empowered to seek any information it requires from Management or employees of the Corporation regarding any matter under its responsibility.
3. **Input of Other Board Committees** – The Committee may request the input of other Board Committees regarding any matter under its responsibility.
4. **Independent Counsel or Other Advisors** – The Committee has the authority, in accordance with the Board's Policy respecting Engagement of Separate Independent Counsel or Other Advisors, to engage outside advisors, including but not limited to counsel, independent consultants and other experts, as needed, to review any matter under its responsibility.

## C. Duties and Responsibilities

1. **Corporate Governance** – The Committee shall undertake such corporate 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 the duties and responsibilities set out below:
  - a. **Board and Committee Charters** – The Committee shall annually review and recommend for Board approval: any proposed amendments to the Board Charter and, when appropriate and in consultation with the affected Board Committees, any proposed amendments to other Board Committee Charters.

- b. **Board and Committee Meetings** – In consultation with the Chairperson of the Board and 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.
- c. **Significant Issues** – The Committee shall develop a process to assist the Board in determining whether the manner, frequency and timeliness with which significant issues are brought to the Board's attention is satisfactory, as well as the appropriateness of the information provided.
- d. **Independent Counsel or Other Advisors** – The Committee shall ensure there is a system that enables a Board Committee or a Director to engage, at the Corporation's expense, separate independent counsel and other advisors, in appropriate circumstances.
- e. **Corporate Objects and Policy Matters** – In consultation with the President & CEO, the Committee shall develop and recommend to the Board a framework for the Board's periodic examination of the Corporation's objects, duties and powers, as set out in the *Canada Deposit Insurance Corporation Act*, and for the consideration of policy matters affecting the Corporation and its members.
- f. **Board, Chairperson and Directors' Profiles** – The Committee shall:
  - i. develop, recommend for Board approval, and regularly review, both a Board profile and a Director profile of qualifications, knowledge, experience, skills, abilities, attributes, understanding and commitment needed to effectively fulfill 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;
  - ii. 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;
  - iii. in consultation with the President & CEO, develop and implement a process to communicate the above profiles to the appropriate governmental officials; and
  - iv. when a vacancy for the position of Chairperson or a non-*ex officio* Director occurs or is expected to occur, consider the most recently recommended profile and update it, if required.
- g. **Chairperson's and Directors' Succession Process** – The Committee shall, when appropriate, develop a strategy, and recommend same to the Board, regarding any steps that may be taken in support of the government's process relating to the succession of the Chairperson and non-*ex officio* Directors, including:
  - i. when considered advisable, recommending the services of such professional consultants as the Committee considers appropriate to assist the Committee in developing selection criteria for the positions of Chairperson and non-*ex officio* Directors, and to provide such other advice or services as the Chairperson, the Committee or the Board may deem appropriate, and establishing the scope of work of any such engagement; and
  - ii. providing advice and recommendations to the Board to assist in the Chairperson's discussions with the Minister, the Privy Council Office and the

Prime Minister's Office regarding the succession and selection of the Chairperson and non-*ex officio* Directors, taking into account applicable government recommendations, guidance and policies.

- h. **Directors' Compensation (non-*ex officio*)** – The Committee shall, when appropriate, review the non-*ex officio* Directors' compensation program and, if appropriate, make recommendations to the Board.
  - i. **Director Orientation and Training** – The Committee shall review, monitor, and make recommendations to the Board regarding the orientation, training and ongoing development of Directors.
  - j. **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, each Committee of the Board (including its Chair), the Chairperson and individual Directors, and recommend any changes to the method for doing so.
  - k. **Annual Public Meetings ("APMs")** – The Committee shall:
    - i. review and provide input into Management's plans regarding the Corporation's APMs;
    - ii. review and provide feedback to Management on the immediately preceding APM and seek the Board's comments and feedback; and
    - iii. provide the Board with a report on APM planning and post-mortems.
  - l. **Public Disclosure** – The Committee shall recommend to the Board, as it deems appropriate, any reports on governance that may be considered advisable for public disclosure.
2. **Human Resources and Compensation** – The Committee's duties and responsibilities with respect to human resources and compensation matters are set out below:
- a. **Policies and Strategies** – The Committee shall:
    - i. review key human resources policies and strategies and propose such changes as seem appropriate, and make recommendations, if any, to the Board for approval;
    - ii. ensure that the Corporation has ongoing and appropriate human resources programs, policies and codes, including policies and codes with respect to the following:
      - diversity and inclusion;
      - employee business conduct and ethical behaviour; and,
      - confidential and anonymous disclosure and investigation of wrongdoings in the workplace,
 and review such programs, policies and codes, and make recommendations, if any, to the Board for approval; and
    - iii. review the Corporation's compensation philosophy and its related policies, and make recommendations, if any, to the Board for approval.

- b. **Monitoring Compliance** – The Committee shall:
- i. monitor the implementation of key human resources policies, strategies and codes;
  - ii. review reports with respect to: compliance with legal requirements and major corporate policies pertaining to human resources matters, including policies and codes with respect to employee business conduct and ethical behaviour, on an annual basis (a copy of such reports shall also be provided to the Audit Committee and the Risk Committee); or immediately where circumstances dictate. When required, the Committee shall request of Management that it provide a report to the Audit Committee and the Risk Committee, and to the Board, in the event of a breach or if a concern is raised that is of a nature that warrants such a report; and
  - iii. review reports of formal disclosures made under the Corporation's *Policy for Internal Disclosure of Information Concerning Wrongdoing in the Workplace* and the steps taken or underway to deal with the matter.
- c. **Employee Incentive Pay** – The Committee shall review and approve the total amount of incentive payments to be paid to employees, as recommended by the President & CEO, and shall review the list of corporate officers (meaning those individuals whose appointments, in accordance with the Corporation's Corporate By-law, must be made by the Board) and the Chief Internal Auditor, as applicable, receiving such payments.
- d. **President & CEO Objectives and Evaluation** – The Committee shall:
- i. review the annual statement of objectives for the President & CEO, taking into account current government recommendations and guidelines in respect thereof and recommend same to the Board for approval; and
  - ii. evaluate the performance of the President & CEO, having regard to the annual statement of objectives and any other relevant factors. The evaluation of the President & CEO shall be conducted in consultation with the Chairperson of the Board and shall be presented to the Board for its review. The Committee shall make recommendations, if any, to the Board with respect to the President & CEO's compensation and at risk pay, taking into account the evaluation as well as current government recommendations, policies and guidelines.
- e. **President & CEO Accountability Profile** – The Committee shall:
- i. develop, recommend for Board approval, and regularly review, an accountability profile for the position of President & CEO, including the education, experience, knowledge and behavioural competencies sought for the position;
  - ii. in consultation with the President & CEO, develop and implement a process to communicate the above profile to the appropriate governmental officials; and
  - iii. when a vacancy for the position of President & CEO occurs or is expected to occur, consider the most recently approved profile and update it, if required.
- f. **President & CEO Succession** – The Committee shall:
- i. receive from the President & CEO regular reports regarding succession planning for the position of President & CEO, together with his or her recommendations regarding potential candidates for the position;

- ii. provide the Board with regular reports regarding succession planning for the position of President & CEO;
  - iii. provide advice and recommendations to the Board to assist in the Chairperson's discussions with the Minister, the Privy Council Office and the Prime Minister's Office regarding succession and selection for the position of President & CEO, taking into account applicable government recommendations, guidance and policies; and
  - iv. when, or if, requested by the Privy Council Office, develop a strategy, and recommend same to the Board, for recruitment for the position of President & CEO, in support of the government's process and taking into account applicable government recommendations, guidance and policies.
- g. **Complaints (President & CEO)** – Except as expressly provided in the Board Charter, any Committee Charter or any policy, the Committee shall serve as the initial point of contact at the Board level for any complaints concerning the President & CEO that may reach the Board, on the understanding that the normal resolution mechanisms must be followed and complaints would only be brought forward to the Committee when the processes under normal resolution mechanisms have been exhausted.
- h. **Corporate Officer appointments (excluding President & CEO)** – The Committee shall make recommendations to the Board for approval regarding the appointment of corporate officers (meaning those individuals whose appointments, in accordance with the Corporation's Corporate By-law, must be made by the Board), as well as the general description of their roles, responsibilities and authorities.
- i. **Senior Management Succession (excluding President & CEO)** – The Committee shall review succession plans for Senior Management (meaning the positions that are at the level of director and up), and make recommendations in respect of same, if any, to the Board for approval.
- j. **Matters referred by President & CEO** – The Committee shall review any matter concerning human resources and compensation that may be referred to it by the President & CEO.
3. **Reports and Information, General** – The Committee should receive and review any information or reports that may be relevant to or assist the Committee with the fulfilment of its responsibilities, and where any information or reports may be relevant to or assist another Committee with the fulfilment of its responsibilities, the Committee should share or cause same to be shared with such other Committee. This includes sharing any information or reports with the Risk Committee on material risks in respect of matters within the Committee's mandate.
4. **Miscellaneous Matters** – The Committee shall review any matter referred to it by the Board, the Chairperson or the President & CEO that would not be considered within the mandate of any other Committee of the Board.