



# **GOVERNANCE COMMITTEE TERMS OF REFERENCE**

Reviewed by the Governance Committee on September 8, 2016  
Approved by the Board of Directors – November 23, 2016

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## **1. OBJECTIVES**

The Governance Committee shall be advisory to the Board and shall:

- 1.1 Provide leadership to the Board in relation to governance processes, policies and principles of the Corporation and the its subsidiary companies; and
- 1.2 Assist the Board in fulfilling its nomination responsibilities.

## **2. CONSTITUTION**

- 2.1 The Committee shall be comprised of a minimum of three (3) members of the Board.
  - 2.2 At least one member of the Committee shall have expertise in corporate governance. In the event there is no member with expertise in corporate governance, upon adoption of the Committee's Terms of Reference, or upon appointment to the Committee, one of the Committee members shall undertake to develop corporate governance expertise. That Committee member shall be granted a transition period to develop corporate governance capabilities within a reasonable period of time after appointment, and shall report same to the Chair of the Committee.
  - 2.3 The Committee members shall be appointed by resolution of the Board. Each member shall continue as a member until a successor is appointed, unless the member resigns, or is removed by resolution of the Board or otherwise ceases to be a member of the Board.
  - 2.4 Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board, and shall be filled by the Board if the membership of the Committee is less than three (3) members as a result of the vacancy.
  - 2.5 The Board, or in the event of its failure to do so, the Committee, shall appoint a Chair from among the Committee members. If the Chair of the Committee is not present at any meeting of the Committee, the Chair of the meeting shall be chosen by the Committee from among the members present.
  - 2.6 The Chair presiding at any meeting of the Committee shall have a vote in all matters considered by the Committee. In the event of a tie the motion is defeated.
  - 2.7 The Secretary to the Board shall serve as Secretary to the Committee. If the Secretary is not present at any meeting of the Committee, the Committee may appoint an acting Secretary to perform the functions of the Secretary at that meeting.
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- 2.8 The Committee shall assist with deliberations required for the fulfilment of the Board's mandate and those specific responsibilities and duties assigned to the Committee; however, unless specifically stated otherwise, the Committee shall act in advisory capacity only, recommending decisions to the Board for approval.

### **3. DUTIES AND RESPONSIBILITIES**

#### **3.1 Governance:**

The Committee shall have the following general duties and responsibilities with respect to governance of the Corporation:

- 3.1.1 Co-ordinate the formal biennial evaluation process of the Board, Board Chair, Board members and Committees, and report as required;
- 3.1.2 Review annually and as required, the Terms of Reference of the Board, and recommend for approval to the Board any amendments;
- 3.1.3 Review annually the Terms of Reference for the Committees, and any amendments proposed by the Committees, and in concurrence with the Committees, recommend for approval any amendments to the Board;
- 3.1.4 Review the CEO Mandate and the Brightline Mandate as required, or at least every three (3) years, and recommend for approval any amendments to the Board;
- 3.1.5 Review and oversee risk management in relation to the governance and nominating functions of this Committee;
- 3.1.6 Establish procedures for effective Board and Committee meetings including functioning independently;
- 3.1.7 Review and recommend for approval of the Board, major public disclosures and shareholder communications on corporate governance, board profiles, director qualifications, attendance, and Crown Investments Corporation ("CIC") Director's Code of Conduct compliance;
- 3.1.8 Review as required, the articles of incorporation, Rules of Practice of the Corporation, and bylaws of all directly and indirectly, wholly-owned subsidiary corporations, and recommend for approval to the Board or the subsidiary Boards any amendments;
- 3.1.9 Review and report to the Board on conflict of interest matters involving the President and Chief Executive Officer, and senior executives as necessary;

- 3.1.10 Review periodically the monitoring and enforcement of and compliance with the Corporation's Code of Business Conduct and Ethics Policy and Whistleblower Policy.
- 3.1.11 To act as the Ethics Advisor, as contemplated by the Crown Investments Corporation Directors' Code of Conduct (the "CIC Code"). As Ethics Advisor, the Committee shall:
- (a) Administer and enforce the CIC Code;
  - (b) Advise Directors on conflicts of interest, including actions for avoiding a conflict or potential conflict of interest;
  - (c) Initiate an investigation of breaches of the CIC Code;
  - (d) Determine appropriate remedial actions;
  - (e) Provide clarity and direction to the Directors to assist in determining whether a conflict or perceived conflict of interest exists; and
  - (f) Monitor and report annually to the Board concerning compliance with the CIC Code.
- 3.1.12 In regards to Board training, the Committee shall:
- (a) Review the director orientation and continuing education policy and recommend to the Board any amendments; and
  - (b) Review and ensure appropriate training and education is made available for Directors.
- 3.1.13 In conjunction with the Chair of the Board and the President and Chief Executive Officer of the Corporation, review and respond to any relevant legislation, report, position paper, or other developments on the subject of corporate governance generally, and the duties and responsibilities of directors in particular.
- 3.1.14 Review, monitor and where significant, report to the Board best practices, trends and current emerging public policy issues in the matters of corporate governance and nominations.
- 3.1.15 Monitor management's quarterly report to CIC on the Reporting of Losses Policy.
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### **3.2 Nomination:**

The Committee shall have the following general duties and responsibilities with respect to nomination responsibilities for the Corporation:

- 3.2.1 In compliance with the Crown Investments Corporation Board of Directors Appointment Policy, review qualified potential candidates for appointment to the Board, and recommend approval to the Board submission of the candidates to the Crown Investments Corporation Board for consideration.
- 3.2.2 Review and recommend to the Board, a candidate for appointment as Chair of the Board to be submitted to the Crown Investments Corporation Board for consideration.
- 3.2.3 Review and make recommendations to the Board regarding the size and composition of the Board and the Committees.
- 3.2.4 Review and recommend to the Board for approval, the appropriate Committee structure.
- 3.2.5 Review the Committee Chair's Report of the exit interview of an outgoing Board member and report the results of such interview to the Board of Directors.

### **3.3 General Governance:**

The Committee shall have the following general duties, functions and responsibilities to:

- 3.3.1 Adopt an Annual Work Plan to ensure that duties and responsibilities listed in the Terms of Reference are scheduled to be achieved.
- 3.3.2 Provide formal evaluation in writing on the performance of the Committee on a biennial basis.
- 3.3.3 Review annually, and report to the Board on the adequacy of the Committee's Terms of Reference.
- 3.3.4 Produce and provide to the Board an annual evaluation of the Committee and the Board of Directors with the requirements of these Terms of Reference, including the Annual Work Plan.

## **4. MEETINGS**

- 4.1 The Committee shall meet a minimum of four (4) times a year, preferably quarterly.

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- 4.2 A meeting of the Committee may be called by the Chair of the Committee, the Chair of the Board or President and Chief Executive Officer of the Corporation or by any two (2) members of the Committee.
  - 4.3 A quorum for meetings shall be three (3) directors present in person or by telephone or other telecommunications device that permits all persons participating in the meeting to speak and hear one another.
  - 4.4 Reasonable notice, preferably (7) days before the meeting, shall be given in writing, by e-mail or by facsimile communication to each member of the Committee.
  - 4.5 The Agenda and associated material shall be sent to each member of the Committee prior, preferably seven (7) days, to the time for such meeting.
  - 4.6 A director may in any manner waive a notice of meeting, and attendance of a director at the meeting is a waiver of notice of the meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not properly called.
  - 4.7 The Committee shall have the right to determine who shall and shall not be present at any part of the meetings of the Committee, and may hold in camera sessions.

## **5. MINUTES AND REPORTING RESPONSIBILITIES**

- 5.1 An outline of material proceedings and deliberations addressed by the Committee, and all recommendations, decisions and directives of the Committee shall be recorded by the Secretary in the minutes of the meeting.
- 5.2 A draft copy of the minutes of such meeting, approved by the Committee Chair, shall be circulated to the Committee prior to the next Committee meeting where practicable, for approval by the Committee. A Committee member may request that the minutes be revised to include specific deliberations. Following approval of the minutes of the meeting by the Committee as a whole, if substantive revisions have been made to the draft minutes, the minutes approved by the Committee shall be re-circulated to the Committee.
- 5.3 Minutes shall be circulated to the Board prior to the next regular Board meeting.

A report of the Committee meeting shall be made at the next regular meeting of the Board. Reports to the Board may take the form of an oral or written report by the Chair of the Committee, or any other member of the Committee designated by the Committee to make the report.

## **6. SUPPORT TO THE COMMITTEE**

- 6.1 The Committee shall identify, through the Office of the President and Chief Executive Officer, or designate, the kind and frequency of information required by the Committee.
- 6.2 The Committee shall have access to any and all books and records of the Corporation required for the execution of the Committee's obligations and, as necessary, shall discuss with appropriate corporate officers and employees, coordinated through the Office of the President and Chief Executive Officer, such records and other relevant matters.
- 6.3 The Committee shall have the authority to retain external advisors, experts or consultants, in order to properly discharge its duties and responsibilities.

## **7 CONFIDENTIALITY**

- 7.1 All deliberations of the Committee, and all records, material and information pertaining to the Corporation obtained by a member of the Committee shall be considered confidential. Committee members shall maintain the confidentiality of such deliberations, and shall safeguard such records, material and information from improper access.