



## Terms of Reference for Governance Committee<sup>1</sup>

### A. OVERALL FUNCTIONAL RESPONSIBILITIES OF THE COMMITTEE

The Governance Committee (the “Committee”) shall assist the Board of Directors (the “Board”) in fulfilling its obligations and oversight responsibility for:

1. developing and recommending exemplary corporate governance practices applicable to the Board;
2. advising the Board on issues relating to ethics and potential conflicts of interest;
3. identifying and recommending candidates for appointment to the Board of Directors and Board committees; and
4. the annual review of the performance of the Board and various Committees of the Board.

### B. FUNCTIONAL RESPONSIBILITIES AND AUTHORITY OF THE COMMITTEE

The Committee shall have the following authority with respect to its specified areas of functional responsibility:

1. Board Governance:
  - a) Monitor the practices, processes and operations of the Board and its Committees and report exceptions to Board.
  - b) Develop and recommend to the Board for approval, exemplary corporate governance practices applicable to the Board and its Committees to ensure effective Board performance.
  - c) Review annually and recommend to the Board for approval, revisions to the terms of reference for the Board and its Committees, considering input from the relevant Board Committees.

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<sup>1</sup> Approved by ISC Board of Directors December 16, 2010  
Approved by ISC Board of Directors November 1, 2007.  
Approved and recommended by ISC Governance Committee September 13, 2007.

- d) Review annually and recommend to the Board for approval, revisions to the Governance Guidelines for ISC's Board of Directors and Board Committees.
- e) Develop and recommend to the Board for approval, clear position descriptions for the Chair of the Board and the Chair of each Board Committee.
- f) Identify and recommend to the Board for approval, when required, a candidate for appointment as Chair of the Board.
- g) Review annually and make recommendations to the Board for approval, concerning the size, composition and required capabilities of the Board with a view to facilitating effective decision-making.
- h) Review annually and make recommendations to the Board for approval, concerning the establishment or disbanding of Board Committees and changes to their size and composition, including Committee chairs.
- i) Conduct an annual evaluation on the overall performance of the Board and Committees of the Board and report to the Board on the results of this evaluation.
- j) Develop and recommend, a board orientation and continuing education policy.
- k) Participate as warranted in the communication of the Corporation's corporate governance practices to appropriate stakeholders.
- l) Review and recommend to the Board for approval, the Corporation's community and social responsibility strategies including the Corporation's charitable, sponsorship and contributions policies.
- m) Monitor the Corporation's administration of key Corporate community and social responsibility policies including the Corporation's charitable, sponsorship and contributions policies, and report exceptions to the Board.
- n) Develop and recommend to the Board for approval, a policy regarding the engagement of outside advisors for individual directors and when determined appropriate, review and approve payment requests from individual directors for engagement of an outside expert or advisor to assist that director in overseeing his or her responsibilities.
- o) Review and make recommendations to the Board respecting Board compensation in order for the Board to provide input to Crown Investments Corporation.
- p) Review the Governance section of the Annual Report and recommend to the Board for approval.

## 2. Ethics Advisor to Board of Directors:

- a) Provide clarification and direction to board members respecting the existence of a conflict or potential conflict of interest.
- b) Review and assess activities reported by board members which they believe contravenes the law, represents a breach of the Directors' Code of Conduct or the Corporation's Code of Conduct and Conflicts of Interest policy, represents a misuse of Crown Corporation funds or assets, or represents danger to public health, safety or the environment and

determine whether a conflict or a perceived conflict exists and if so, advise the director to refrain from the activity or take other appropriate action to remedy the conflict or perceived conflict and undertake appropriate responsive measures.

- c) Determine appropriate actions in response to conflicts of interest or ethical issues.
- d) If necessary, instigate investigations into breaches of the Directors' Code of Conduct.
- e) Monitor, seek signoff by the Board and report annually to the board concerning compliance with the Directors' Code of Conduct. Review and report to the Board on conflict of interest matters involving directors, as necessary.
- f) Provide guidance to the Board on any item concerning standards of ethical behaviour.
- g) Review and recommend to the Board for approval the Corporation's code of conduct including the Corporation's whistleblower policies.

### 3. Nomination:

- a) Develop and recommend to the Board for approval, competencies and skills criteria which set out the qualifications for Board membership as a whole as well as for specific vacancies.
- b) In consultation with the Board and CEO and, on an ongoing basis, identify potential candidates for Board membership.
- c) Encourage diversity in the composition of the Board.
- d) Establish internal systems to identify, with as much advance notice as practicable, impending Board vacancies.
- e) Develop a list of qualified candidates and arrange for each candidate to meet with the Chair and CEO.
- f) Ensure that prospective candidates are informed of the degree of energy and commitment the Corporation expects of its directors.
- g) Recommend to the Board, the proposed candidate(s) for appointment, and following Board approval, forward such recommendations to the Crown Investments Corporation Board.
- h) Develop and recommend to the Board for approval, a succession plan for the Board.

### 4. Other:

- a) In conjunction with the Chair of the Board and the President & CEO of the Corporation, review and respond to any relevant legislation, report, position paper, or other developments on matters related to the mandate of the Committee in general and the duties and responsibilities of the Board, the Committee and Members in particular.
- b) Keep informed and report to the Board on trends, emerging issues, best practices, and proposed legislation relevant to the Committee's areas of functional responsibility.

- c) Assist and deliver to the Board on any other task assigned by the Board from time to time.

### **C. DELEGATION**

The Committee may delegate any of its responsibilities and authority to a subcommittee comprised of one or more Committee Members. The Committee remains accountable for the work and decisions of any subcommittee to which the Committee has delegated decision-making authority.

### **D. MEETINGS**

The Committee shall meet at least four times per year.

### **E. MANAGEMENT'S AUTHORITY**

Management shall assist the Committee in fulfilling its obligations and oversight responsibility by developing, recommending and/or reporting on the Committee's areas of functional responsibility.

### **F. COMMITTEE COMPOSITION CRITERIA**

1. The Committee shall be comprised of a minimum of three and maximum of five Members.
2. Every Committee Member must be a director of the Corporation.
3. Members of the Committee should, collectively, have the following skills and attributes:
  - a) Knowledge of relevant legal issues
  - b) Knowledge of how government operates and applicable regulatory environment;
  - c) Governance expertise; and
  - d) Previous executive and leadership expertise.
4. The Chair of the Board is an ex officio member of the Committee.
5. The Corporate Secretary to the Board shall be an employee of the Crown Investments Corporation and will not be a director of the Corporation.

### **G. GENERAL**

The Committee shall be bound by the terms of the *Governance Guidelines for ISC's Board of Directors & Board Committees*.