

CORPORATE GOVERNANCE COMMITTEE TERMS OF REFERENCE

1. CREATION

There shall be a committee, to be known as the Corporate Governance Committee (the “Committee”), of the Board of Directors of the Bank of Canada.

2. MEMBERSHIP

The Committee shall be comprised of not less than three (3) directors (the “members”) appointed under Section 9 of the *Bank of Canada Act* (the “Act”).

The Chair of the Committee shall be designated by the Board from among the members. The Board may remove or replace any member at any time. A member shall hold office until the Board member resigns, is replaced or removed or ceases to be a director, whichever first occurs.

The Governor, Senior Deputy Governor and Lead Director shall receive notice of, and shall be entitled to attend, meetings of the Committee, provided that the Committee may meet in camera at its discretion.

All decisions of the Board regarding membership and Chair of this Committee, contemplated in this Section, shall be made annually by the Board having regard to the recommendation of this Committee.

Attendance by non-members is not ordinarily expected. All Board members will receive the meeting documentation.

3. MEETINGS

The Committee shall convene at such times and places designated by its Chair or whenever a meeting is requested by a member. A minimum of forty-eight (48) hours written notice of each meeting shall be given to each member. Unless otherwise designated by the Chair, all meetings of the Committee shall take place at the head office of the Bank.

The Committee shall meet as often as it deems appropriate to fulfill its mandate but not less than 1 time per annum.

A quorum at a meeting shall consist of a majority of members. Members of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other, and a member participating in such a meeting by any such means is deemed to be present at that meeting.

The Committee may, on the request of its Chair, make decisions via a consent resolution which shall be executed by all voting members of the Committee and be deemed a decision of the Committee having full effect with respect to the subject matter.

In the event of the absence of the Chair or at the request of the Chair, a meeting shall be chaired by such person as may be designated by the Chair in advance of such meeting or in the absence of such delegation, by such person as may be agreed at the meeting.

Where appropriate, individual members of the Committee may meet separately with the Bank's senior management.

The Corporate Secretary or an Assistant Secretary of the Bank shall act as Secretary to the Committee.

The minutes of the Committee meetings shall be duly entered in the books of the Bank. Such books shall remain in the custody of the Corporate Secretary of the Bank.

4. DUTIES AND RESPONSIBILITIES OF THE CHAIR

The Chair is responsible for:

- 4.1 Convening Committee meetings and designating the times and places of those meetings.
- 4.2 Ensuring Committee meetings are duly convened and that quorum is present when required.
- 4.3 Working with management on the development of agendas and related materials for the Committee meetings.
- 4.4 Ensuring Committee meetings are conducted in an efficient, effective and focused manner.
- 4.5 Ensuring the Committee has sufficient information to permit it to properly make decisions when decisions are required.
- 4.6 Providing leadership to the Committee and assisting it in reviewing and monitoring its responsibilities.
- 4.7 Reporting to the Board on the deliberations and recommendations of the Committee.
- 4.8 Monitoring compliance by the Committee of its duties and responsibilities as contained in the Committee Terms of Reference.
- 4.9 Working with the Lead Director and the Governor on the annual review of the composition of committees for recommendation to the Corporate Governance Committee and the Board.

5. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

As permitted by and in accordance with the requirements of the Bank, the Committee is responsible for assessing all aspects of the Bank's corporate governance practices. The Committee shall:

- 5.1 Periodically review with the Governor and Senior Deputy Governor the effectiveness of the Bank's governance practices and any relevant governance issues, including opportunities for improving the governance framework and make recommendations to the Board as appropriate with respect to any changes to the Bank's governance practices.
- 5.2 Periodically review the role of the Board and its committees and the methods and processes by which the Board fulfills its duties and responsibilities, including the process for the Board's annual self-evaluation and make recommendations to the Board with respect to such methods and processes.
- 5.3 Review annually and recommend to the Board changes as necessary to the terms of reference of the Board, its committees and the Lead Director.
- 5.4 On the recommendation of the Lead Director and the Chair of the Corporate Governance Committee, review annually and recommend to the Board, the composition of the committees of the Board.
- 5.5 Review annually and recommend to the Board the appointment of the Chair of each of the committees of the Board.
- 5.6 Periodically review the frequency and timing of Board and committee meetings.
- 5.7 Periodically review the *Board Profile*, Board-related policies such as travel and expense guidelines and avoidance of conflict of interest, and policies related to business conduct and ethics, and recommend to the Board such changes as it considers appropriate.
- 5.8 In conjunction with the Lead Director, review as needed the feedback received from directors in the annual self-evaluation on the cycle of material presented to the Board during the year as well as on the quality of information and presentations provided to the Board by management.
- 5.9 Assess whether the Board has access to all the information it requires from management.
- 5.10 Assess, from time to time, whether additional information, including third party evaluations, are desirable.
- 5.11 Meet from time to time without management representatives to consider governance issues or, at the request of the Board, to consider other issues referred to it by the Board.

- 5.12 Periodically review the content and quality of the orientation and continuing education programs for directors.
- 5.13 Periodically review and make recommendations to the Board with respect to the remuneration and allowances of the Bank's directors.
- 5.14 Review the chapter on governance included in the Governor's Annual Report to the Minister.
- 5.15 When required, contribute to the process established by the Federal Government from time to time for the solicitation, identification, evaluation and selection of the Bank's directors.
- 5.16 Consider any other matter properly referred to the Committee by the Lead Director, the Board, a director, the Governor, or the management of the Bank, for review or recommendation to the Board.
- 5.17 At its discretion, assign a specific subject for further discussion to a subcommittee of the Committee.
- 5.18 Meet separately with senior management, employees or independent advisors, as deemed necessary by the Committee.
- 5.19 Engage at its discretion professional advisors to provide counsel on issues before the Committee; the cost of the same shall be borne by the Bank.
- 5.20 Review or make recommendations to the Board in respect of the adoption, administration or amendment of any Bank-wide code of ethics or conflict of interest policies.

6. COMMITTEE TIMETABLE

The major activities of the Committee will be outlined in an annual work plan.