

CANADA DEPOSIT INSURANCE CORPORATION ("CDIC")

HUMAN RESOURCES AND COMPENSATION COMMITTEE

CHARTER

PURPOSE

The purpose of the Human Resources and Compensation Committee ("HRCC") of the Board of Directors (the "Board") of the Canada Deposit Insurance Corporation (the "Corporation") is to assist with Board oversight of: human resources and compensation policies, strategies and other matters that the President and Chief Executive Officer ("President & CEO") may refer to the HRCC; the succession of the President & CEO and senior management; the review and recommendation of annual objectives for the President & CEO and perform the annual evaluation thereof; and policies and processes relating to employee business conduct and ethical behaviour.

This charter includes the provisions relating to the HRCC contained in the Corporate By-law of the Corporation. The HRCC derives its mandate and responsibilities, beyond those prescribed in the Corporate By-law, from the Board. The foregoing provisions result in the following charter for the HRCC.

A. Operating Principles

1. Functions and Composition –

- (a) There shall be a Human Resources and Compensation 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 HRCC shall each be independent of Management and the Corporation.
- (c) 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. **Chair** – The HRCC shall be chaired by one of its members who is a non-*ex officio* Director, as selected by the Board. Where at any meeting the Chair is absent, one of the members of the HRCC who is chosen so to act by the members present shall preside and have all the powers of the Chair.

3. **Quorum** – The presence of two members constitutes a quorum for a meeting of the HRCC.

4. **Voting** – A matter put to a vote at a meeting of the HRCC 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.

5. **Procedure and Conduct** – Subject to other provisions of the Corporate By-law, this Charter, and to any resolution of the Board respecting a specific matter, the Chair shall

determine the procedure at and conduct of meetings of the HRCC.

6. **Private Meetings** – The HRCC shall meet privately as a committee at each regular meeting, and periodically with the President & CEO in a separate private session.
7. **Minutes** – The Corporate Secretary shall provide copies of the approved minutes of the proceedings of the HRCC to all Directors upon request.
8. **Frequency of Meetings** – The HRCC will meet at the discretion of its Chair, but not less frequently than three times each year.
9. **Meeting Agenda** – A written agenda for each meeting of the HRCC will 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.
10. **Supplemental Attendees** – Any person who may possess information that would be useful to the HRCC in carrying out its duties may be invited by the Chair or acting Chair to attend any meeting of the Committee.
11. **Term of Appointment/Rotation of HRCC** – Members of the HRCC should be changed on an appropriate, regular basis. Such change should be on a rotation basis in order to ensure that the entire Committee is not changed at any one time.
12. **Reporting** – The HRCC will, where appropriate, provide an oral report of each meeting of the HRCC at the next regular Board meeting or as may otherwise be required by the Board. If practicable, any report to the Board will be in writing.
13. **Review of Charter** – The HRCC shall review and assess the adequacy of this Charter at least every three years. If the HRCC recommends any amendments, the HRCC shall submit a revised Charter to the Board for its approval.
14. **Self-assessment** – An evaluation of the HRCC shall be conducted regularly, in which the HRCC shall review its performance for the purpose, among other things, of assessing whether the HRCC fulfilled the responsibilities and duties stated in this Charter.
15. **Disclosure** – The HRCC shall ensure that this Charter and the Committee’s composition are publicly disclosed.
16. **Independent Counsel or Other Advisors** – The HRCC has the authority to engage outside advisors, including but not limited to counsel, independent consultants and/or other experts, as needed, to review any matter under its responsibility, in accordance with the Board’s Policy respecting Engagement of Separate Independent Counsel or Other Advisors.

B. Principal Duties and Responsibilities

1. **Policies and Strategies** –
 - (a) The HRCC shall review key human resource policies and strategies and propose such changes as seem desirable, and make recommendations, if any, to the Board for approval.

- (b) The HRCC shall review the Corporation's compensation philosophy and its related policies, and make recommendations, if any, to the Board for approval.
 - (c) The HRCC shall ensure that the Corporation has ongoing and appropriate policies and codes with respect to employee business conduct and ethical behaviour and shall review policies and codes in respect of same and make recommendations, if any, to the Board for approval.
 - (d) The HRCC shall monitor the implementation of any key human resource policies, strategies and codes.
2. **Compliance and Reports to Audit Committee** – The HRCC shall review reports with respect to:
- (a) compliance with legal requirements and major corporate policies pertaining to human resource matters on an annual basis; and
 - (b) compliance with employee business conduct and ethical behaviour on an annual basis or immediately where circumstances dictate. When required, the HRCC shall request of Management that it provide a report to the Audit Committee in the event a breach occurs or a concern is raised that is of a nature that warrants such a report.
3. **Matters referred by President & CEO** – The HRCC shall review any matter concerning human resource and compensation matters that may be referred to it by the President & CEO.
4. **Reports to Board** – The HRCC shall report to the Board as it deems appropriate regarding human resource and compensation matters and Management performance in this area.
5. **Incentive Pay** – The HRCC 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 and other senior employees receiving such payments.
6. **President & CEO Objectives and Evaluation** – The HRCC shall:
- (a) 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
 - (b) 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 HRCC 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.
7. **Complaints** – Save and except as expressly provided in any other Board Charter or policy, the HRCC 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 when every other appeal process had been exhausted.

8. **President & CEO Accountability Profile** – The HRCC shall:
 - (a) develop, recommend for Board approval and regularly review an accountability profile for the position of President & CEO, including the education, experience, knowledge and personal suitability sought for the position;
 - (b) in consultation with the President & CEO, develop and implement a process to communicate the above profile to the appropriate governmental officials; and
 - (c) when a vacancy for the position of President & CEO occurs or is expected to occur, consider the most recently recommended profile and update it, if required.

9. **President & CEO Succession** – The HRCC shall:
 - (a) receive from the President & CEO regular reports regarding succession planning for the office of the President & CEO together with his or her recommendations regarding potential candidates for the position;
 - (b) provide the Board with regular reports regarding succession planning for the office of the President & CEO;
 - (c) provide advice to the Chairperson in his or her discussions with the Minister, the Privy Council Office and the Prime Minister's Office regarding succession planning for the office of the President & CEO taking into account applicable government recommendations, guidance and policies; and
 - (d) when appropriate, develop a process for recruitment of the office of President & CEO taking into account applicable government recommendations, guidance and policies, which may include recommending the creation of, and terms of reference for, an ad hoc Committee of the Board to implement the search process.

10. **Senior Management Succession (excluding President & CEO)** – The HRCC shall review Management's succession plans and make recommendations in respect of same, if any, to the Board for approval.

11. **Corporate Officer Appointments (excluding President & CEO)** – The HRCC shall make recommendations to the Board for approval regarding the appointment of corporate officers.