

## 5.0 CDSPI Governance Charter Part 3 – Committees

“Outstanding Boards recruit effective, committed and independent Directors.”

~ CCGG (Canadian Coalition of Good Governance)

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### **CDSPI Board Committees and Membership**

All Committees report to the Board through a Committee Chair. The primary function of any Committee is to deal with specific items of business that the Board has allocated to it, and, to report the highlights to the Board and make recommendations for the Board's consideration.

CDSPI supports the best practice that every Board Committee, whether it is a standing or ad hoc committee, should have a written mandate and an appropriate methodology in place.

The written mandate should clearly outline the committee's purpose and responsibilities. This will greatly enhance the committee's focus and effectiveness.

Once a committee is empowered with a clear mandate, it needs to develop a methodology - a process that is empirical, objective and repeatable. In that way, the Board committee will act diligently and be able to accomplish its goal.

Committee members and the Committee Chair are appointed by the Board of Directors on an annual basis. Membership for each committee should comprise entirely of Directors.

A committee should be composed of not less than three Directors, including a Committee Chair. The number of members is at the discretion of the Board. In fact, the Board-as-a-whole may act as a specific Committee.

Any member of the Committee may be removed or replaced at any time by the Board of Directors.

Any Committee, in consultation with the Chairman of the Board, may engage any special advisors it deems necessary to provide independent advice, at the expense of the Corporation.

Currently, the CDSPI Board has the need for five specific committees: Audit Committee, Risk Management Committee, Human Resources Committee, Nominating Committee, and Governance Committee. For **2009**, the membership of the committees is as follows:

<u>MEMBERSHIP</u>	AUDIT	RISK	HUMAN RESOURCES	NOMINATING	GOVERNANCE
L. Best		<b>X</b>		<b>X</b>	<b>C</b>
R. Beaton			<b>X</b>	<b>C</b>	<b>X</b>
W. Chou	<b>X</b>		<b>X</b>	<b>VC</b>	<b>X</b>
T. Larder	<b>X</b>			<b>X</b>	<b>X</b>
M. Orr	<b>C</b>	<b>X</b>		<b>X</b>	
R. Sullivan		<b>C</b>	<b>X</b>	<b>X</b>	
J. Williams			<b>C</b>	<b>X</b>	<b>X</b>

(X = Member, C = Chair, VC = Vice Chair)

### **Responsibilities of Committee Chairs**

The Chair of a Committee is responsible for providing leadership to enhance effective and independent functioning of the Committee in order that the Committee may fulfill its duties and responsibilities as outlined in the Committee mandate.

### **Audit Committee**

The mandate of the Audit Committee is to ensure the integrity of the Corporation's financial statements, the Corporation's compliance with legal and regulatory requirements, the independence and qualifications of the independent auditor and the performance of the Corporation's internal audit function and independent auditor.

It is management's responsibility to design and implement effective systems for financial and accounting controls, and it is the responsibility of the Board through the Audit Committee to ensure that management has done so satisfactorily.

Audit Committee duties include:

- (1) selecting, recommending and overseeing the independent auditor;
- (2) reviewing the scope of the audit to be conducted by the auditor, as well as the results of their audit;
- (3) overseeing the financial reporting activities and the accounting standards and principles followed;
- (4) approving audit and non-audit services provided to CDSPI by the independent auditor;
- (5) reviewing the scope of the internal audit function and the disclosure and internal controls; and
- (6) conducting other reviews as relating to regulatory compliance.

### **Risk Management Committee**

The mandate of the Risk Management Committee is to implement a process to help minimize risks while maximizing opportunities for CDSPI. More specifically, to:

1. assume an oversight role with respect to ensuring the identification of major areas of risk;
2. develop strategies, plans and procedures to manage those risks;
3. review compliance with risk management policies; and
4. review reports related to compliance with regulatory and legal matters

The objective of risk management is to reduce different risks to levels that are acceptable for CDSPI.

### **Human Resources Committee**

The mandate of the Human Resources Committee is to implement a process:

1. To annually review and approve the senior management team compensation package (Executive Compensation); and
2. To annually review and monitor senior management resources, organizational structure, and, senior management succession planning, development and selection. (Overseeing Senior Management).

### **Nominating Committee**

The mandate of the Nominating Committee is to:

1. Recommend a list of Director nominees for election by the Members at the Annual General Meeting;
2. Ensure that CDSPI has a fair and equitable process in place for the recruitment, assessment and selection of new Director nominees; and
3. Ensure that CDSPI has a thorough process in place for the orientation and education of new Directors to the Board.

All suggestions and nominations for potential new Directors should be sent to the Nominating Committee, c/o CDSPI Corporate Secretary, 155 Lesmill Road, Toronto, ON Canada M3B 2T8, or, email the Corporate Secretary at [cbodmore@cdspi.com](mailto:cbodmore@cdspi.com)

### **Governance Committee**

The mandate of the Governance Committee is to be responsible for overseeing CDSPI's corporate governance and making appropriate recommendations to the Board consistent with high standards of corporate governance. More specifically, to implement a process to:

1. Review CDSPI's corporate governance and policies,
2. Review policies and processes to sustain ethical behaviour within CDSPI,
3. Oversee the annual evaluations for the Board, Directors and Committees, and
4. Review and make recommendations concerning Director compensation.

Each year, the Board will perform an annual evaluation for the Board-as-a-whole, for each committee and each Director. The evaluation will be conducted by an independent governance expert. The purpose of this assessment process is to improve the effectiveness of the Board-as-a-whole, the Committees and the Directors.

The consultant will provide an assessment report of the effectiveness of the Board and its Committees, as well as Director's performance and Board dynamics. The process will also provide individual Director feedback with developmental suggestions.

Summary reports of the annual evaluations will be presented to the Board Chair, the Directors and the Members at the AGM.