

CDSPI Governance Charter – Board Committees

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

CCGG (Canadian Coalition of Good Governance)

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- Audit Committee
- Risk Management Committee
- Human Resources Committee
- Nominating/Governance Committee

CDSPI Board Committees

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. (See Appendix A - Board Committees – Suggested Annual Cycle of Reports).

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 - a process that is empirical, objective and repeatable. In that way, the Board committee will act diligently and be able to accomplish its goal.

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

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

A committee should be composed of at least three Directors, including a Committee Chair. The number of committee 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 Chair of the Board, may engage any special advisors it deems necessary to provide independent advice or expertise, at the expense of the Corporation.

The CDSPI Board has established four (4) specific committees: Audit Committee, Risk Management Committee, Human Resources Committee, Nominating/ Governance Committee.

Membership of Board Committees

Current Committee Chairs and Members can be found on the on the CDSPI website at: <https://www.cdspi.com/about-us/board-of-directors/>.

Additionally, after the AGM, once the election results are in, the Corporate Secretary will publish a list for the Board.

Audit Committee

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.

Therefore, the **mandate** of the Audit Committee is to ensure:

1. the integrity of the Corporation's financial statements,
2. the independence and qualifications of the independent auditor,
3. the performance of the Corporation's internal audit function (in whatever state that it exists) and independent auditor, and
4. the Corporation's compliance with legal and regulatory requirements (responsibility to be coordinated with the Risk Management Committee).

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. approve strategies, plans and procedures to manage those risks;
3. review compliance with risk management policies;
4. review reports related to compliance with regulatory and legal matters (coordinated with Audit Committee), providing a verbal update to the Board during Committee update.

Human Resources Committee

The **mandate** of the Human Resources Committee is to:

1. to ensure there is a fair and equitable process in place for the evaluation and compensation of the President and/or CEO
2. review and recommend to the Board for approval, the President and/or CEO's compensation including benefits, considering performance and prevailing market conditions;
3. review succession plan for the President and/or CEO on an annual basis;
4. review an annual report from the President and/or CEO on the evaluation, compensation and development process for the senior management team; and
5. Assist the Board in its oversight role with respect to human resources strategy, policies and programs and all matters relating to the proper utilization of human resources.

The HR Committee is also responsible for overseeing that there is a fair and equitable process in place for compensation of the SMT as well as a succession plan and report that to the Board.

Nominating/Governance Committee Mandate

The **mandate** of the Nominating/Governance Committee is to:

1. Assist the Board in its oversight role with respect to the development of CDSPI's corporate governance principles, policies, practices and processes;
2. Review and recommend policies and processes to sustain ethical behavior within CDSPI, including annual review and signature Code of Conduct;
3. Oversee the annual evaluations of the Board, Directors and Committees, which determines the effectiveness of the Board and its' committees;
4. Oversee procedures for resolving conflicts of interest;
5. Determine criteria and identify individuals qualified and suitable to become Board Members and recommend Director nominees to the Board for election at each Annual General Meeting (AGM) of the Members. Confirm with each Board member prior to the AGM, that they wish to stand for another term;
6. Ensure that CDSPI has a thorough process in place for the orientation, including extensive education sessions, along with required documentation such as the Governance Manual, and education of new Directors to the Board;
7. Encourage Director continuing development and education;
8. Recommend a list of Chairs and members for each board committee at the first meeting of the Board following the elections at the AGM. Rotation of committee members to be considered;
9. Ensure all Committee mandates are reviewed by each board committee and updated as required;
10. Review and make recommendations concerning Director Compensation;
11. Review non-management Board members' independence from CDSPI;
12. Review and assess the adequacy of this mandate at least annually and where necessary, recommend changes to the Board for approval.

All suggestions and nominations for potential new Directors should be sent to the Nominating/Governance Committee, c/o CDSPI Board of Directors, 2005 Sheppard Ave. East, Suite 500, Toronto, ON Canada M2J 5B4, or emailed to the Corporate Secretary at nnikolakakos@cdspi.com