

New Brunswick Investment Management Corporation (NBIMC)

Terms of Reference – Governance Committee

1. Introduction and Purpose

The Board of Directors of the NBIMC has established the Governance Committee to assist the Board in fulfilling its obligations by providing a focus on governance and public policy that is intended to enhance the NBIMC's performance and to ensure that the NBIMC develops governance and communications policies and practices that are in keeping with evolving best practices.

These terms of reference are designed to articulate and clarify the delegated responsibilities of the Governance Committee.

2. Duties and Responsibilities

Subject to the powers and duties of the Board, and to the requirements of the New Brunswick Investment Management Corporation Act (the "Act"), the Governance Committee will perform the following duties in relation to the NBIMC, as may be appropriate in the context:

2.1 Governance Documents and Initiatives

The Governance Committee will:

- (a) annually review, and recommend changes to the Board when warranted, the:
 - (i) Terms of Reference for the Board
 - (ii) Terms of Reference for Board Committees
 - (iii) Director Orientation and Education Policy
 - (iv) Nominations Guidelines, and
 - (v) All other governance policies and documents contained in the Board's Governance Manual.
- (b) receive from the President, at the April Board meeting, an annual consolidation of board decisions and major agenda items over the past year, cross-referenced to the Terms of Reference for the Board.
- (c) receive reports and relevant information from management regarding evolving governance issues, including news articles, reports from governance groups, etc.
- (d) recommend to the Board any reports on corporate governance that may be advisable for the entire Board to review and consider.

2.2 Ethics

The Governance Committee will:

- (a) review the effectiveness of ethics policies, guidelines and procedures and report its findings to the Board at least annually (including but not limited to conflict of interest policies and the Code of Ethics and Business Conduct)

- (b) ensure that there are procedures for the receipt, retention, treatment and resolution of complaints regarding ethical matters (including whistleblower procedures/protections)
- (c) receive reports from the President on compliance with applicable ethical codes/policies at least annually
- (d) receive reports of, investigate, discuss and make recommendations to the Board in respect of breaches or suspected breaches of the Code of Ethics and Business Conduct
- (e) receive reports on the personal trading guidelines set out in the Code of Conduct quarterly in the case of Officers and employees and annually in the case of Directors.

2.3 Board and Committee Meetings

By reviewing the results of the Board Effectiveness Assessment Process, the Governance Committee will:

- (a) assess the needs of the Board and Board Committees regularly in terms of:
 - (i) the frequency of Board and Committee meetings,
 - (ii) meeting agendas,
 - (iii) discussion papers, reports and information,
 - (iv) and the conduct of meetings
- (b) make recommendations to the Board Chair or Committee Chairs as required.

2.4 Director Nominations

The Governance Committee will annually review the board's composition and the tenure of its directors. It will provide leadership in the identification of upcoming vacancies and the board's requirements in relation to the nomination of new directors, in accordance with the *Guidelines for the Nomination of New Directors* adopted by the Board.

2.5 Directors' Compensation

The Governance Committee will review the Directors' and Board Chair's compensation at least every two years and recommend changes to the Minister when warranted.

The Governance Committee will review the Directors' Travel and Expense Policy at least every two years and recommend changes to the Board when warranted. The Committee will consult with the Human Resources and Compensation Committee regarding the Travel and Expense Policy for Senior Management, as a point of reference for its work.

The Governance Committee will receive and approve an annual summary of the expense claims of each Director and the President of the Corporation.

2.6 Director Orientation and Education

The Governance Committee will provide leadership in the orientation and education of directors, as described in the *Director Orientation and Education Policy* adopted by the Board.

2.7 Board Effectiveness

The Governance Committee will recommend to the Board, and biennially implement, appropriate processes for:

- (a) Board effectiveness assessment
- (b) Chairperson effectiveness assessment,
- (c) Director effectiveness, and
- (d) Committee effectiveness assessment.

2.8 Committee Appointments

The Governance Committee will act as a sounding board for the Board Chair in reviewing the Board Chair's recommendations to the Board for appointing Board Committee members and Committee Chairs.

2.9 Board Independence

The Governance Committee will review and recommend to the Board appropriate structures and processes to allow the Board the opportunity to function independently of management, where appropriate. Such structures and processes may include in camera meetings of the Board, the engagement of independent advisors, etc.

2.10 By-Laws and Board Policies

The Governance Committee will ensure that a framework is in place to identify the need for, develop and review the NBIMC's by-laws and appropriate board policies.

The Board will approve new or revised by-laws, subject to the approval of the Lieutenant-Governor in Council, and board policies.

2.11 Communications and Public Policy

The Governance Committee will review policies and programs designed to create a strong, cohesive and sustained image of the NBIMC for its key stakeholders. It will review the efforts of the NBIMC to ensure that its operations remain consistent with changing public values and expectations. The Committee will also be proactive in identifying, assessing and advising Management on public affairs issues that impact significantly on the NBIMC.

Without limiting the generality of the foregoing, the Governance Committee will review and advise the Board on the following:

- (a) the adequacy of the NBIMC's communications policy, including processes for communicating to, and dealing with communications from the shareholder, fund sponsors and employees
- (b) the development and projection of the NBIMC's corporate image to its stakeholders
- (c) the appropriate integration of public affairs considerations with the NBIMC's strategic direction
- (d) the status and adequacy of the NBIMC's efforts to develop and maintain effective relationships with governments, especially as regards legislative and regulatory matters.

2.12 Risk Management

The Governance Committee provides oversight of the Corporation's risk management systems relating to the identification, evaluation, management and monitoring of risks relating to:

- ▶ the leadership, effectiveness and integrity of the Board of the Corporation
- ▶ the reputation and public image of the Corporation.

2.13 Governance Committee Objectives

In consultation with the Board Chair, formulate annual objectives for the Governance Committee for each fiscal year and annually review progress against them at the May Committee meeting.

2.14 Other

The Governance Committee will carry out such other duties as may be determined by the Board from time to time.

The Governance Committee may retain consultants to provide advice regarding governance issues at the NBIMC's expense.

The Committee shall annually review and assess the adequacy of its mandate and evaluate its effectiveness in fulfilling its mandate.

3. Committee Membership

The Governance Committee shall be composed of not fewer than three Directors. All committee members shall be independent of Management.

The Board will, after reviewing the Board Chair's recommendation, appoint a Chair for the Committee.

A quorum for the transaction of business at a meeting of the Governance Committee will be a majority of Directors appointed to the Committee. The Committee Chair will vote on matters requiring a decision, and will cast the deciding vote in the event of a tie.

Any Director who is a member of the Governance Committee may be removed and replaced at any time at the pleasure of the Board.

The Board Chair shall serve as an ex-officio member of the Governance Committee.

Directors who are not members of the Governance Committee may attend committee meetings but will not have the right to vote on matters requiring decisions

4. Committee Meetings

The Governance Committee shall meet at least quarterly, with additional meetings at the discretion of the Committee Chair or at the request of a majority of the committee members.

5. Accountability

The Governance Committee shall prepare a written report of its discussions and decisions for inclusion in the Board's meeting package.