

OMBUDSMAN FOR BANKING SERVICES AND INVESTMENTS

Board of Directors

GOVERNANCE AND HUMAN RESOURCES COMMITTEE MANDATE

1. Purpose

The primary purpose of the Governance and Human Resources Committee (the “**Committee**”) is to assist the Board of Directors (the “**Board**”) of the Ombudsman for Banking Services and Investments (“**OBSI**”) in: (a) matters of corporate governance and relations with OBSI’s stakeholders, including government; and (b) fulfilling its oversight role relating to human resources policies and compensation.

2. Committee Membership

The Board will appoint annually from among its members the Committee which will consist of at least three members of the Board, at least two of whom will be Community Directors, as defined in OBSI’s By-Law Number 1 (the “**By-Law**”), and one of whom will be an Industry Director, as defined in the By-Law. One Committee member shall be a Community Director with knowledge or experience in consumer and investor issues and one Committee member shall be Community Director with knowledge of corporate governance. The Committee will appoint a Community Director as the Chair of the Committee. In the absence of the Chair of the Committee, another Community Director member shall act as Chair of the meeting. Committee members may be reappointed. The members of the Committee may be removed by the Board. In determining membership of the Committee, the Board will take into account the need for continuity and succession.

3. Meetings and Procedures

The Committee shall conduct itself in accordance with the following operating procedures:

3.1 Meetings

The Committee is to meet at least four times per year and more frequently as circumstances require. The Committee may ask members of OBSI’s senior management or others to attend meetings or to provide information as necessary. The Committee shall have full access to all information it deems appropriate for the purpose of fulfilling its role.

The Committee may invite, from time to time, such persons as it may see fit to attend its meetings and to take part in discussion and consideration of the affairs of the Committee. The Ombudsman shall attend any meeting when requested to do so by the Chair of the Committee.



A copy of the minutes of each meeting of the Committee shall be provided to each member of the Committee in a timely fashion.

Any member of the Board may attend any meeting of the Committee.

3.2 Quorum and Decision-making

The powers of the Committee shall be exercisable at a meeting at which a quorum is present. Unless otherwise determined by the Board, a quorum of the Committee shall be two members, and the Committee shall have the power to determine, as it sees fit, relevant procedures to govern its meetings.

If all of the members present at or participating in the Committee meeting consent, a meeting of the Committee may be held by such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other during the meeting, and a Committee member participating in the meeting by those means is deemed for the purposes of the *Canada Not-for-profit Corporations Act* to be present at the meeting. Any such consent shall be effective whether given before or after the meeting to which it relates and may be given in respect of all meetings of the Committees held while a member of the Committee holds office.

The Chair of the Committee, in consultation with management, shall set meeting agendas.

Matters decided by the Committee shall be decided by majority vote. The Chair of the Committee shall have an ordinary vote, and in the event of a tie shall not be entitled to a casting vote.

3.3 Notice and Reporting

The Committee shall report to the Board as often as necessary and at least at the first Board meeting following each meeting of the Committee. The Committee should submit the minutes of all Committee meetings to the Board on a timely basis.

Notice of meetings of the Committee shall be given by prepaid delivery, telephone, fax, e-mail or other means of recorded electronic communication to each member of the Committee not less than two days before the meeting is to take place or shall be mailed to each member of the Committee not less than ten days before the meeting is to take place. A meeting may be called with less notice by such means as are deemed appropriate, provided that a majority of the members of the Committee consent to holding such a meeting. The notice of the meeting of the Committee need not specify the purpose of the business to be transacted at the meeting. A declaration of the Chair or of any other individual authorized to call the meeting that notice has been given pursuant to this Mandate shall be sufficient and conclusive evidence of the giving of such notice.



3.4 In Camera Meetings

The Committee members shall, when deemed appropriate, meet in private session with management and as Committee members only, to discuss any matters considered relevant to the Committee's mandate. An *in camera* session will be included as the last agenda item on every regularly scheduled Committee meeting.

3.5 Committee Self-Assessment

The Committee shall annually review, discuss and assess the performance of the Committee and its members, and shall periodically review and consider the need for recommending amendment to this Mandate to the Board.

4. Committee Authority

The Committee has authority to obtain information and conduct or authorize investigations into any matters within its scope of responsibility.

The Committee has the authority to engage outside advisors as it considers necessary to carry out its duties, after consultation with the Chair of the Board, such engagement to be at OBSI's expense.

The Committee does not have decision-making authority except where, and to the extent that, such authority is expressly delegated by the Board. The Committee conveys its findings and recommendations to the Board for consideration and, where required, decision by the Board.

5. Responsibilities

The Committee is responsible for:

5.1 Governance, including but not limited to:

- a) Considering nomination of candidates to fill vacancies that may occur, evaluating such candidates and making recommendations to the Board with respect thereto.
- b) Ensuring that an appropriate process is followed and overseeing that process for the identification of appropriate candidates for the Ombudsman upon a vacancy occurring or being announced in that position and making recommendations to the Board with respect to one or more candidates for that position.
- c) Retaining expert consultants to assist with any of the foregoing solicitations and evaluations.
- d) Establishing and reviewing OBSI's approach to governance issues including OBSI's response to and compliance with any applicable governance requirements, guidelines or expectations.



- e) Evaluating the performance and effectiveness of the Board as a whole, the Committees of the Board and individual Directors on a regular, ongoing basis.
- f) Reviewing and recommending changes in the role, composition and structure of the Board and of Board Committees.
- g) Performing an evaluation of the Committee's performance at least biennially to determine whether it is functioning effectively.
- h) Soliciting nominations to fill vacancies on the Consumer and Investor Advisory Council from time to time, evaluating such candidates and making recommendations to the Board with respect to the appointment of individuals to the Consumer and Investor Advisory Council.
- i) Establishing an orientation and education program for new Directors and providing continuing education for existing Directors.
- j) Making periodic reports to the Board on activities of the Committee, issues it has considered and related recommendations as the Committee deems appropriate.
- k) Establishing and reviewing the Whistleblower Policy.
- l) Ensuring that Directors sign and confirm compliance with the Director Code of Conduct on an annual basis.
- m) Providing oversight of OBSI's compliance with its regulatory obligations as an approved External Complaint Body for banking complaints.
- n) Performing such other duties and responsibilities as are consistent with the purpose of the Committee and as the Board shall deem appropriate.

5.2 Human Resources and Compensation, including but not limited to:

- a) Reviewing and advising the Board and the Ombudsman with respect to human resource policies and procedures, including the activities relating to resourcing of employees and succession plans.
- b) Reviewing and advising the Board with respect to Board compensation and all benefits.
- c) On an annual basis, reviewing and advising the Board on corporate goals and objectives relevant to the Ombudsman's compensation, evaluating the Ombudsman's performance in light of those goals and objectives and considering and recommending such compensation to the Board for its approval.
- d) Reviewing the Senior Management compensation policies and/or practices followed by OBSI and seeking to ensure such policies are designed to recognize and reward performance.



- e) Reviewing and advising the Board on the appointment of and succession plans for the Ombudsman.

5.3 Stakeholder Communications, including but not limited to:

- a) Reviewing and advising the Board and the Ombudsman on policies and protocols to govern OBSI's communications with stakeholders.
- b) Reviewing and recommending to the Board specific communications as directed by the Chair of the Board.
- c) Recommending to the Board the appropriate timing and nature of stakeholder consultations to be undertaken by the Board.
- d) Reviewing and recommending to the Board the Terms of Reference for the OBSI Consumer and Investor Advisory Council.
- e) Undertaking any stakeholder consultations as may be directed by the Board.