



# CORPORATE GOVERNANCE AND NOMINATING COMMITTEE CHARTER

## 1. Mandate

1.1 The mandate of the Corporate Governance and Nominating Committee (the “**Committee**”) is to assist the Board of Directors (the “**Board**”) of Canada Mortgage and Housing Corporation (“**CMHC**” or the “**Corporation**”) in fulfilling its responsibilities with respect to corporate governance structures, succession planning, and Board renewal.

## 2. Composition and Appointment

### 2.1 *Composition*

- (a) The Committee shall be comprised of at least four members of the Board, including the President of the Corporation.
- (b) All Committee members shall be members of the Board. With the exception of the President, no member of the Committee may be an officer of the Corporation.
- (c) All members of the Committee shall be independent as determined by the Board.
- (d) Committee membership will be reviewed annually by the Committee to ensure the Committee as a whole includes members with the experience and expertise required to fulfill the Committee's mandate.

### 2.2 *Appointment*

- (a) The Board, upon recommendation of the Committee, will appoint Committee members and will appoint the Chair of the Committee from among such members.

## Meetings

### 2.3 *Timing*

- (a) The Committee shall hold at least two regularly-scheduled meetings per year. The Chair of the Committee may call additional meetings.
- (b) The Chair of the Committee, the Chair of the Board, or two members of the Committee have the authority to convene additional meetings.

### 2.4 *Quorum*

- (a) Three members shall constitute a quorum of the Committee. In the case of a lack of a quorum (whether due to a conflict of interest or otherwise), the Chair of the Committee shall identify, subject to approval by the Chair of the Board, an alternate member of the Board to stand in the place of the absent Committee member for the purposes of that particular matter or meeting, and that alternate member shall be entitled to vote in respect of the matter or at the meeting in question.

## 2.5 *In Camera Meetings*

- (a) Quarterly, the Committee may meet *in camera* with no members of management present (with the exception of the Corporate Secretary, as determined by the Chair of the Committee). Any member of the Committee may request that any meeting, or a part thereof, be held without management present.

## 2.6 *Chair of the Committee*

- (a) The Chair of the Committee shall preside over all Committee meetings. In addition, the Chair of the Committee shall:
  - (i) Coordinate the Committee's compliance with its mandate as set forth in this Charter; and
  - (ii) Work with management to develop the Committee's meeting agendas and annual work plan.
- (b) The Chair of the Committee may vote on any matter requiring a vote and shall be entitled to cast a second vote in the case of a tie.
- (c) In the event of the absence or incapacity of the Chair of the Committee, the Chair of the Board will designate a different member of the Committee to act as Committee Chair on an interim basis.

## 2.7 *Secretary*

- (a) The Corporate Secretary or, in the absence of the Corporate Secretary, the Assistant Corporate Secretary of the Corporation shall act as the Secretary of the Committee.

## 3. **Authority**

3.1 The Committee has the authority to conduct or authorize a review of, or investigations into, any matters within the scope of its mandate. Without limiting the foregoing, it has the authority to:

- (a) Retain outside legal counsel, consultants, or other advisors, on behalf and at the cost of the Corporation, to advise the Committee or to assist it in fulfilling its responsibilities set out in this Charter;

- (b) Require any information relevant to its mandate from (i) any officer or employee of the Corporation and (ii) any party external to the Corporation which is answerable to the Corporation;
- (c) Obtain full, free, and unrestricted access to the officers of the Corporation, the internal and external auditors of the Corporation, to the examiner as designated or appointed under section 142 of the *Financial Administration Act*, to the Superintendent of Financial Institutions acting pursuant to section 21.2(1) of the *National Housing Act*, and to inside and outside counsel of the Corporation, as necessary and relevant to the Committee's mandate;
- (d) Obtain access to continuing education programs to assist the Committee in fulfilling its responsibilities, and the Corporation will provide appropriate funding for such programs; and
- (e) Request, where appropriate, the input of other Board committees on any aspect of the Committee's mandate.

#### **4. Duties and Responsibilities**

The Committee will carry out the following duties and responsibilities, as well as any other activities related to its mandate that are requested by the Board from time to time:

##### **4.1 Communication and Stewardship**

- (a) Promote effective communication with the Minister designated by the Governor in Council as responsible for CMHC (the "Minister"), the Government of Canada, other stakeholders, and the public.
- (b) Ensure that the Board develops an effective working relationship with management and the Minister.
- (c) Review annually the Corporation's performance against objectives in collaboration with the Human Resources Committee and make recommendations to the Board on the level of the corporate incentive award.

##### **4.2 Corporate Governance Framework**

- (a) Evaluate the continued relevance of the Corporation's objectives in light of its legislated mandate.
- (b) Review and approve a corporate governance work plan and submit the same to the Board for approval.
- (c) Develop and recommend to the Board frameworks, principles, and policies to maintain high standards of corporate governance.
- (d) Continually monitor best practices, trends, and issues relating to corporate governance and make recommendations to the Board as appropriate.
- (e) Periodically review and assess the effectiveness of the corporate governance framework of the Corporation and the Pension Plan and recommend revisions to

governance policies and structures, and the governing by-laws, as appropriate, to the Board.

- (f) Ensure that the Board and its committees follow good governance practices and requirements including regulatory requirements relating to corporate governance and keep apprised of matters relevant to Crown corporation governance issued by the Government of Canada, including the Treasury Board Secretariat, the Office of the Superintendent of Financial Institutions, the Office of the Auditor General, and the Office of the Conflict of Interest and Ethics Commissioner.
- (g) Monitor and keep the Board apprised of best practices, trends, developments, and issues relating to corporate governance.

#### 4.3 *Board Effectiveness*

- (a) Develop and regularly update a “skills matrix” for Board members.
- (b) Evaluate on a periodic basis the effectiveness of the Board, its committees, and Board members individually, and make recommendations to the Board where appropriate with respect to the performance assessment processes for the Board and its committees and members.
- (c) Periodically review the Charters and structures of the Board and its Committees, to ensure that together they meet the needs of the Corporation, and make recommendations to the Board as appropriate;
- (d) Periodically review the performance assessment processes of the Board and its Committees, and of Board Members, and oversee the evaluations to be conducted, making recommendations where appropriate.
- (e) Ensure there is an appropriate orientation program for Board and Committee members in place with respect to their collective and individual responsibilities, the role of the Board and its committees, and the Corporation’s business.
- (f) Annually approve the Learning Menu available to Board members. Review the continuing education process for all Board members and ensure that continuing education is available to all Board members at the Corporation’s cost, as called for.

#### 4.4 *Appointments*

- (a) Anticipate and advise the Board on succession for the Board and its committees, and the President.
- (b) Review and recommend for Board approval, for recommendation to the Minister and the Government of Canada, selection criteria for the President and the Chair of the Board, including experience, competencies, core attributes, knowledge, and skills.

- (c) Review and recommend for Board approval, selection criteria for Board committee membership, including experience, competencies, core attributes, knowledge, and skills.
- (d) Annually review and advise the Board on the composition of the Board and its committees, and recommend to the Board appointments to each committee as needed.
- (e) Support the Board, as needed, in notifying and collaborating with the Minister in filling Board vacancies as they arise.

#### 4.5 *President Evaluation*

- (a) Review and approve annually the corporate goals and objectives relevant to the compensation of the President.
- (b) Evaluate the performance of the President in light of those goals and objectives.
- (c) Report the results of such evaluation (performance rating) and recommendations with respect to the President's compensation (salary range movement, at-risk-pay) to the Board of Directors for approval and recommendation to the Shareholder.

#### 4.6 *Business Conduct and Ethical Behaviour*

- (a) Annually review and, where appropriate, recommend for Board approval, policies and amendments thereto in respect of ethical conduct, including the CMHC Code of Ethics and Business Conduct which incorporates the CMHC Conflict of Interest Policy.
- (b) Provide oversight in respect of the policies and procedures that establish a framework for the culture of integrity and compliance throughout the Corporation.

### **5. Privacy Considerations**

5.1 All information relating to prospective candidates provided to Board members and discussed during meetings shall remain confidential to protect individual rights to privacy, subject to the provisions of the *Access to Information Act* and the *Privacy Act*.

### **6. Accountability**

6.1 The Chair of the Committee will:

- (a) regularly report to the Board on its activities and the issues it has considered, and with such recommendations it considers appropriate; and
- (b) conduct an annual evaluation of the Committee to assess its contribution and its effectiveness in fulfilling its mandate and recommend any changes to the Board for approval.