



# Governance Committee Terms of Reference

November, 2022

## 1. Establishment of Committee

A committee of the Directors to be known as the Governance and Conduct Review Committee (the “**Committee**”) is hereby established.

## 2. Purpose

The purpose of the Committee is to:

- a) Assist the Board of Directors (the “**Board**”) in fulfilling its responsibility for maintaining high standards in corporate governance by developing, monitoring and making recommendations to the Board on corporate governance guidelines, policies and procedures;
- b) Review policies respecting the conduct and ethics of team members, officers and Directors and oversee compliance to such policies;
- c) Oversee the processes to enhance the effectiveness and performance of the Board, its committees and individual Directors; and
- d) Review policies and processes respecting ATB’s strategies and approach to environmental, social, and governance (“**ESG**”) issues.

## 3. Membership

### a) Composition and Appointment

The Committee shall consist of no less than three Directors, one of whom shall serve as the Committee Chair (the “**Chair**”). The members of the Committee and the Chair shall be appointed and removed by the Board. Each member shall continue to be a member of the Committee until a successor is appointed, unless a member resigns, is removed or ceases to be a Director. The Board may fill a vacancy that occurs in the Committee at any time.

### b) Independence

Each member of the Committee shall meet the independence standards established by the Board as set out in the Director Independence Policy.

## 4. Meetings

### a) Procedure

Unless otherwise determined by the Board or provided in By-law No. 1, the Committee shall determine and regulate its procedures in all respects. The duties of the Chair, the Secretary of the Committee and any requirements with respect to calling of meetings, attendance at meetings, and voting shall be as set out in By-law No. 1, except as hereinafter provided.



- b) Support  
The Committee shall be supported by the Chief Legal and Sustainability Officer & Corporate Secretary, or their designate.
- c) Quorum  
A majority of the members of the Committee shall constitute a quorum. If a quorum cannot be obtained for any meeting, any members of the Board may, at the request of the Chair or the Chair of the Board, serve as members of the Committee for that meeting.
- d) Reporting to the Board  
The Chair or their designate shall report to the Board on matters arising at Committee meetings and where applicable, present the Committee's recommendations to the Board for its approval.
- e) Delegation  
The Committee may, from time to time, delegate to its Chair, any powers or responsibilities of the Committee itself. This delegation must include a reporting accountability back to the Committee.
- f) Access to Management and Outside Advisors  
In fulfilling its responsibilities, the Committee, through the Chair, shall have unrestricted access to management and associates of ATB Financial, which will be coordinated through the Chief Executive Officer (the "CEO"). The Committee, without consent of the Board, shall have the authority to investigate any matter with full access to the books, records, facilities, management and employees of ATB Financial and to retain external advisors to assist it in fulfilling its responsibilities. ATB Financial shall provide appropriate funding, as determined by the Committee, for the services of these advisors.
- g) In Camera Meetings  
The Committee shall have regularly scheduled meetings without management present.

## 5. Roles and Responsibilities

The Committee shall have the responsibilities set out in Schedule "A", as well as any other matters that may be delegated to the Committee by the Board from time to time.

The Committee and each of its members shall comply with such additional requirements as are specified in the *ATB Financial Act* and Regulation and in the by-laws and resolutions of the Board in effect from time to time.



<b>Description of Action</b>	<b>Date</b>	<b>Owner</b>
Recommended by Chief Legal and Sustainability Officer & Corporate Secretary	November, 2022	Chief Legal and Sustainability Officer & Corporate Secretary
Recommended by Governance & Conduct Review Committee	November, 2022	
Approved by Board of Directors	November, 2022	

"Joan Hertz"\_\_\_\_\_

Joan Hertz  
Chair of the Board of Directors



## Schedule "A"

## Roles and Responsibilities Calendar

✓ When Performed

Roles and Responsibilities	Annually	Every 3 Years	As Required
<b>Governance</b>			
1. Monitor the development of corporate governance best practices to enhance the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual Directors, and make recommendations to the Board concerning governance at ATB Financial, including: <ul style="list-style-type: none"> <li>(a) Recommend policies and processes forming ATB Financial's corporate governance framework;</li> <li>(b) Review the Board's calendar and processes each year and recommend:               <ul style="list-style-type: none"> <li>1. the frequency and content of meetings and the requirement for any special meetings;</li> <li>2. forward agenda of issues to be presented to the Board;</li> <li>3. the format and type of material which is to be provided to Directors with respect to Board and committee meetings;</li> </ul> </li> <li>(c) Review all key corporate governance disclosure</li> </ul>	✓		✓
2. Review the Board committee structure and committee membership	✓		
3. Review terms of reference of the Board and its committees (including its own), taking into account any applicable legislation and regulatory requirements, as well as best practices for crown corporations and financial services industry participants, and recommend to the Board for approval any amendments thereto	✓		
4. Oversee an evaluation of the Board's performance and effectiveness, including its committees, and the contribution of individual Directors and report to the Board on any actions to be taken as a result	✓		



5. Approve the position description for the Chair, Vice-Chair and Board Members, Chair of each Board Committee and the Chair of the Board of the subsidiary corporations.		✓	
6. Review the Mandate and Roles Document and recommend to the Board for approval any amendments thereto to be recommended to the Minister responsible for the <i>ATB Financial Act</i> (the " <b>ATB Act</b> ")		✓	
7. Review Board Outcome statement and recommend approval by the Board.	✓		
<b>Conflicts of Interest, Related Parties and By-laws</b>			
8. Review ATB Financial By-law No. 1 and recommend to the Board for approval any amendments thereto		✓	
9. Review the ATB Financial Related Party By-law No. 2 (" <b>By-law No. 2</b> ") and recommend to the Board for approval any amendments thereto and approve the Related Party Guideline	✓ Guideline	✓ By-law	
10. Review: (a) Conflict of Interest Policy and recommend to the Board for approval any amendments thereto; (b) established procedures for identifying and evaluating conflicts of interest or potential conflicts involving ATB Financial Directors and Officers including the Conflict of Interest Guideline		✓ Policy (every 4 years)  ✓ Guideline (every 2 years)	
11. Review Senior Management's reports pursuant to By-law No. 2, make such rulings and undertake other actions as may be required pursuant to By-law No. 2 and report to the Board for approval any issues requiring resolution			✓
<b>Code of Conduct and Ethics</b>			
12. Review ATB Financial's Code of Conduct and Ethics for team members and the Code of Conduct and Ethics for Directors, and recommend to the Board for approval any amendments thereto	✓ (Team Member)	✓ (Directors)	
13. Monitor the application of the Code of Conduct and Ethics for team members, including reviewing:	✓ (Reports)	✓ (Policy)	



<p>(a) the Whistleblower Policy and approve any amendments thereto;</p> <p>(b) the report of the Ethics Committee which shall include:</p> <ol style="list-style-type: none"> <li>1. a description of the annual sign-off by team members; and</li> <li>2. any reports required to be submitted to this Committee pursuant to the Whistleblower Policy (which may also include the Designated Officer's report that is approved by the Chief Officer in relation to disclosures of wrongdoing received pursuant to the Public Interest Disclosure Framework)</li> </ol>			
<p>14. Monitor the application of the Code of Conduct and Ethics for Directors, including reviewing periodic reports from Senior Management and annual sign-off by individual Directors</p>	✓		
<p>15. Review the Terms of Reference for the Ethics Committee and approve any amendments thereto</p>		✓	
<p>16. Review reports from the Ethics Committee on the state of key ethics practices, policies, and frameworks (other than the Codes of Conduct for Team Members and Directors and the Whistleblower Policy)</p>	✓		
<b>ESG</b>			
<p>17. Review management's ESG strategy for alignment with ATB's mandate and purpose, organizational strategic plan and the Board ESG statement</p>	✓		
<p>18. Review the annual report on ESG and sustainability and recommend approval to the Board</p>	✓		
<p>19. Review Senior Management reports on ESG activities in support of management's ESG strategy</p>	✓		✓
<p>20. Review ATB's ESG aspiration statements, as determined by management in accordance with the materiality assessment</p>			✓
<p>21. Oversee the materiality assessment and update process and the stakeholder prioritization process, and review reports from management on the results</p>			✓
<b>Policies</b>			
<p>22. Review the Director Independence Policy and approve any amendments thereto</p>		✓	



<p>23. Evaluate the independence of Directors – Pursuant to the Directors’ Independence Policy, review and report on the annual attestations provided by Directors to the Committee and to the Board of Directors.</p>	<p>✓</p>		
<p>24. Review the Directors and Senior Management Assessment Policy and approve any amendments thereto, and as required review any report of any assessments made pursuant to this policy</p>	<p>✓ (Report)</p>	<p>✓ (Policy)</p>	
<p>25. Review the Directors Remuneration Policy and Expense Guideline and approve any amendments thereto and receive an annual report on compliance to this policy</p>	<p>✓ (compliance)</p>	<p>✓ (policy)</p>	<p>✓</p>
<p>26. Review the ESG Governance Policy and recommend approval to the Board</p>		<p>✓</p>	
<p>27. Review the Board of Directors Securities Trading Policy for Directors, and any similar policy for team members and approve any amendments thereto</p>		<p>✓</p>	
<p>28. Review the Disclosure Policy and approve any amendments thereto</p>		<p>✓</p>	
<p>29. Review procedures and any policies for resolution of customer complaints and satisfy itself that the procedures are being adhered to</p>		<p>✓</p>	
<p>30. Review the: (a) Diversity Policy and recommend to the Board for approval the policy and any amendments thereto; (b) Annual Diversity Report from management</p>	<p>✓ (Report)</p>	<p>✓ (Policy)</p>	
<p>31. Review Senior Management’s report on the adequacy of the above noted policies, receive confirmation that they are operating appropriately and that the risk is appropriately controlled, and that policies undertaken by Senior Management are consistent with the Board-approved business strategy and risk appetite</p>		<p>✓</p>	
<p>32. Review the Subsidiary Governance Policy and recommend to the Board of Directors for approval.</p>		<p>✓</p>	



Directors and Officers			
33. Review the Board Skills Matrix and recommend to the Board for approval any amendments thereto.	✓		
34. Oversee the process for the recruitment and selection of Director candidates and the reappointment of Directors	✓		
35. Approve the Board Effectiveness Framework		✓ (5 years)	
36. Develop and monitor Director development, including: (a) reviewing the Professional Development Guideline for Directors and recommending to the Board for approval any amendments thereto; (b) reviewing each Director's self-assessment and the Corporate Secretary's report on compliance to the Professional Development Guideline for Directors; (c) determining and communicating development opportunities for Directors; (d) review the budget for professional development for Directors; and (e) developing and monitoring an orientation program for Directors	✓ (budget, self assessments and report)	✓ (Guideline)	
37. Review remuneration of Board members and recommend to the Board for approval amendments thereto to be recommended to the Minister		✓	
38. Review any new legal or regulatory requirements affecting the duties, responsibilities and potential liability of Directors of ATB Financial and review the adequacy of ATB Financial's Directors and Officers liability insurance	✓		
Governance of Subsidiaries			
39. Review a report on the corporate governance practices and structure of the subsidiary entities (the " <b>Subsidiaries</b> ") as required under the Subsidiary Governance Policy, and otherwise perform the Committee's obligations under that policy, including approving the establishment or dissolution of any ATB subsidiaries	✓		





<b>General Matters</b>			
40. Evaluate and review its performance and its compliance to its terms of reference and report to the Board	✓		
41. Review management's variance report regarding the total Board budget	✓		