

Terms of Reference

A. PURPOSE

The Governance Committee (the "Committee") is responsible for performing the duties set out in this Terms of Reference to enable the Board of Directors (the "Board") of Concentra Bank (the "Bank") to fulfill its oversight responsibilities in relation to:

- the Bank's corporate governance framework, policies and practices;
- the Board's succession, nomination, development, and compensation practices;
- the Bank's evaluation of the Board, Committee and Director effectiveness;
- the Board of Directors' independence;
- the Bank's communication with stakeholders; and
- oversight of the Bank's subsidiary, by acting as the Governance Committee for Concentra Trust.

B. COMMITTEE COMPOSITION AND PROCEDURES

1. Composition

The Committee shall consist of not less than three directors appointed annually by and from the Board, none of whom shall be an employee of the Bank or an affiliate of the Bank. Each of the Committee's members shall be unaffiliated, as determined in accordance with the regulations made under the *Bank Act* (Canada). The majority of the Committee's members shall be independent, as determined by the Independence Standard approved by the Board. At least one member of the Committee shall be a director nominated by a majority shareholder.

2. Appointment and Removal of Committee Members

Each Committee member and Chair of the Committee shall be appointed or re-appointed by the Board, on the recommendation of the Committee, following the Annual Meeting of shareholders and shall remain a member until a successor is appointed, unless the member resigns, is removed, or ceases to be a director. The Board may fill a vacancy in the membership of the Committee.

3. Competencies

Members of the Committee shall have an understanding of corporate governance, including the role and responsibilities of the Board within the Bank's governance framework. The majority of Committee members shall have the corporate governance expertise as defined in the Board's approved Competency Matrix at a level four or five.

4. Quorum

A quorum for conducting business shall be a majority of the Committee's members.

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5. Voting

All resolutions coming before the Committee for decision at a duly constituted meeting shall be decided by a majority vote of the members present in the meeting. In the case of a tie vote, the Committee Chair shall cast a second vote, causing the motion to succeed or fail.

6. Meetings

The members of the Committee shall hold meetings as required to carry out this Terms of Reference and, in any case, not less than once quarterly. The Chair of the Committee, any two members of the Committee, the Chair of the Board, or the President and Chief Executive Officer may call a meeting of the Committee. Meetings may be conducted in accordance with the provisions contained in the Bank's Bylaws. The Committee shall dedicate a portion of each regular quarterly meeting, or at such other times as required, to meet on its own without members of management.

7. Notices of Meetings

Notice of the time and place of each meeting will be given in accordance with legal and regulatory requirements, Board policy, and the Bank's Bylaws.

8. Secretary and Minutes

The Corporate Secretary, his or her designate, or any other person the Committee requests shall act as recording secretary at Committee meetings. Minutes of Committee meetings shall be maintained.

9. Access to Management and Outside Advisors

The Committee shall have unrestricted access to management and employees of the Bank. The Committee shall have the authority to retain and terminate external legal counsel, consultants, or other advisors to assist it in fulfilling its responsibilities and to set and pay the compensation for these advisors without obtaining the prior approval of the Board or any officer of the Bank. The Committee shall ensure its expenditures are reasonable and shall report such expenditures to the Board. The Bank shall provide appropriate funding, as determined by the Committee, for the services of these advisors.

10. Review of Committee Functioning

The Committee shall regularly review and assess the adequacy of its Terms of Reference and evaluate its effectiveness in fulfilling its mandate under this Terms of Reference.

11. Reporting

The Committee shall report to the Board following each meeting with respect to its activities and recommendations.

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C. DUTIES AND RESPONSIBILITIES

The Committee shall have the duties and responsibilities set out below, as well as any other matters that are specifically delegated to the Committee from time to time by the Board.

1. Corporate Governance Framework

The Committee shall oversee the implementation and maintenance of the Bank's corporate governance framework, and shall specifically:

- a) review and recommend to the Board on a regular basis the governance structure for the Board taking into account its legal, regulatory, and operating framework, including the appropriateness of:
 - i) Board size;
 - ii) Board composition balance in accordance with the Bank's Board Succession Planning Policy;
 - iii) Board Standing Committee structure; and
 - iv) the creation of Ad Hoc Board Committees as required;
- b) annually oversee the election of the Chair and Vice-Chair of the Board;
- c) annually review and recommend to the Board the appointment of directors to each Board committee and the Chair for each Board committee; and
- d) review the Bank's corporate governance practices and Board policies against emerging trends, best practices, and regulatory guidance, and recommend any amendments to those practices and Board policies to the Board as appropriate. The Committee shall specifically review and recommend to the Board:
 - i) The Board Mandate;
 - ii) The Board Chair, Vice Chair, and Committee Chair Mandates;
 - iii) Standing Committee Terms of Reference; and
 - iv) The Director Position Description.

2. Director Succession, Nomination, Election and Appointment

The Governance Committee shall oversee the Board's succession, nomination, election, and appointment processes, and shall specifically:

- a) review and approve the director Competency Matrix, assess directors against that Matrix, and make recommendations to the Board based on the results of those assessments;

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- b) identify, assess, and recommend qualified individuals as nominees for election or re-election as directors; and
- c) ensure appropriate consultation and communication with the Bank's majority shareholder(s) as it relates to candidate recruitment, assessment, and nomination.

3. Board Independence

The Committee shall review and monitor the independence of the Board, and shall specifically:

- a) review and recommend for Board approval a Board Independence Standard in accordance with the provisions of the *Bank Act* (Canada);
- b) annually assess whether individual directors are affiliated and/or independent directors under the Board Independence Standard and report on the results to the Board; and
- c) satisfy itself that the Board operates independently of management.

4. Director Compensation

The Governance Committee shall consider and make recommendations to the Board in regard to the appropriate total compensation for directors.

5. Board Performance Assessment

The Governance Committee shall oversee a process to evaluate the effectiveness and performance of the Board, its Committees, and its individual directors, and make recommendations to the Board as required.

6. Director Orientation, Training and Development

The Governance Committee shall review, monitor, and make recommendations regarding new director orientation and the ongoing development of existing directors.

7. Disclosure

The Committee shall oversee the Bank's accountability and reporting relationships between the Board, the Bank, shareholders, and stakeholders, and specifically shall recommend to the Board the Bank's annual disclosure documents.

8. Corporate Policies

The Committee shall review and recommend to the Board for approval the Corporate Policies within the jurisdiction of the Committee to manage, including:

- a) Disclosure Corporate Policy;

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- b) Communications Corporate Policy; and
- c) Corporate Social Responsibility Corporate Policy.

The Committee shall also review exceptions to Corporate Policies within its jurisdiction and ensure that remedial action plans are in place to remedy any potential non-compliance.

D. RESOURCES

The President/Chief Executive Officer shall appoint internal resources as required to the Committee.