

## TERMS OF REFERENCE GOVERNANCE AND CONDUCT REVIEW COMMITTEE

### 1. Purpose

The purpose of the Governance and Conduct Review Committee (the "Committee") is to:

- a) monitor and make recommendations to the Board to enhance the effectiveness of corporate governance;
- b) recommend to the Board for approval policies relating to conflict of interest and ethical requirements for Directors and Officers and oversee administration of such policies; and
- c) recommend to the Board for approval policies respecting the conduct and ethics of associates and Directors and the resolution of customer complaints and oversee administration of such policies.

### 2. Membership

- a) Composition  
The Committee shall consist of no less than 3 directors, one of who shall serve as the Committee Chair (the "Chair"). The members of the Committee and the Chair shall be appointed by the Board.
- b) Independence  
Each member of the Committee shall meet the independence standards established by the Board. Two-thirds (2/3) of the members of the Committee must be unaffiliated directors within the meaning of Section 4(5) of the *Alberta Treasury Branches Act* and no member shall be a current or former executive of ATB Financial.
- c) Board Chair  
The Chairman of the Board is a voting member of the Committee.

### 3. Organization

- a) Procedure  
Unless otherwise determined by the Board or provided in By-law #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 #1, except as hereinafter provided.
- b) Support  
The Committee will be supported by the Corporate Secretary.
- c) Secretary  
The Secretary is the Secretary to the Board of Directors.
- d) Meeting Materials and Minutes  
Minutes of meetings of the Committee shall be recorded by the secretary of that meeting and subsequently presented to the Committee for approval. All members of the Board may access any materials available to the Committee, on request to the Corporate Secretary.

- e) Quorum  
The participation of one half of the members of the Committee shall constitute a quorum.
- f) Reporting  
The Committee shall report at each Board meeting on its proceedings in the intervening period, including decisions made within their authority and recommendations made to the Board. Minutes of the Committee (draft to enable timeliness) shall be provided to the Board for information.
- g) Delegation  
The Committee may delegate to its Chair or the President and Chief Executive Officer (the “CEO”), any responsibilities of the Committee itself. This delegation will include a reporting accountability back to the Committee.
- h) Meetings  
The Committee shall meet at least once per quarter. Meetings will be scheduled in advance for each fiscal year. The CEO is entitled to attend and be heard at all meetings of the Committee. Each quarterly meeting shall include an in camera session with members of Management and others present only by invitation. Meetings of the Committee are at the call of the Chair as notified by the Secretary. If the Chair is unwilling to call a meeting, a meeting may be called by a member of the Committee or a Director, by notifying the Chair and the Secretary with the reason for calling a meeting.
- i) Access to Management and Outside Advisors  
The Committee, through the Chair of the Committee, shall have unrestricted access to Management of the Corporation, which will be coordinated through the Corporate Secretary or the CEO. The Committee, with the consent of the Chair of the Board shall have the authority to retain external advisors to assist in fulfilling its responsibilities.

#### **4. Roles and Responsibilities**

The Committee shall have the responsibilities set out below:

- a) Governance
  - i) monitor development of corporate governance best practices, including corporate governance disclosure and development of orientation and education programs for Directors to enhance the effectiveness of the Board as a whole, the Committees of the Board and the contribution of individual Directors;
  - ii) review on a timely basis Board Committee structure, composition, and terms of reference of Committees and recommend to the Board for approval any amendments;
  - iii) annually conduct an evaluation of the Board’s performance, including the performance of its Committees, and the contribution of individual directors;
  - iv) annually recommend to the Board for approval, the Board Composition Matrix and Board Composition Profile;

- v) identify suitable Director candidates for appointment to the Board to recommend to the Selection Committee pursuant to the Board Succession Plan;
  - vi) periodically review the Memorandum of Understanding and recommend to the Board for approval, any amendments thereto to be recommended to the Minister of Finance;
  - vii) periodically review the Board Succession Plan and Memorandum of Understanding and recommend any changes to the Board for approval; and
  - viii) periodically review compensation and benefits of Board members to recommend any changes to the Minister of Finance.
- b) Conflicts of Interest - Directors and Officers
- i) annually review the Related Party Bylaw (#2) and recommend to the Board for approval any amendments thereto;
  - ii) establish procedures for identifying and evaluating conflicts of interest or potential conflicts involving ATB Directors and Officers;
  - iii) periodically receive Management reports pursuant to the Related Party By-law #2 on credit transactions with Directors or other related parties, and review such transactions if necessary; and,
  - iv) undertake other actions related to administration of Related Party By-law #2 and related regulations of *Alberta Treasury Branches Act*, and report any issues requiring resolution to the Board for approval.
- c) Code of Conduct and Ethics
- i) annually review ATB's Code of Conduct and Ethics for associates and the Code of Conduct and Ethics for Directors, and recommend to the Board for approval any amendments thereto;
  - ii) annually receive Management's report on application of the Code of Conduct and Ethics for associates, including receiving the annual report of the Ethics Committee on the annual sign-off process and annually monitor application of the Code of Conduct for Directors, including receiving periodic reports from Management and annual sign-off by individual Directors;
  - iii) annually review privacy policy and other procedures to ensure confidentiality and prevent misuse of customer and associate information by Directors, Officers and associates, recommend to the Board for approval any amendments thereto and annually receive Management's report on their implementation; and
  - iv) annually review the Safe Disclosure Policy, recommend to the Board for approval, any amendments thereto and oversee implementation of Safe Disclosure program, including receiving Management's reports of implementation and the summary reports provided by the third party supplier.
- d) Enterprise Risk Management
- (i) oversee the continued development and implementation of the enterprise risk management processes of ATB Financial and on request, provide guidance to Management with respect to any policies

- or procedure not specifically related to currently identified risks and with respect to periodic reassessment and priority characterization of key enterprise risks;
- (ii) review and recommend to the Board for approval, any policies in respect of any reputational and strategic risks identified by Management, including, without limitation, enterprise risks related to the reputation or credibility of the organization, various strategic initiatives and the implementation of any approved business plan;
  - (iii) monitor the implementation of any policies directed at reputational and strategic risks or other advice provided to Management, related standards and procedures and the control environment with respect to such risks; and
  - (iv) annually receive Management reports on the identification, assessment, monitoring and management of identified reputational or strategic risks, and report to the Board.
- e) Other Responsibilities
- (i) annually review the Corporate Social Responsibility Policy and recommend to the Board for approval any amendments thereto, and annually receive reports from Management with respect to the implementation of the Corporate Social Responsibility Policy and approve any annual public disclosure with respect to such policy;
  - (ii) annually review Directors and Officers liability coverage;
  - (iii) annually review any legislation, or recent case law affecting the duties, responsibilities and potential liability of directors of ATB;
  - (iv) annually review any Management policies and procedures for resolution of customer complaints and monitor their application;
  - (v) annually review the investment policy for Directors, Officers, and other associates and recommend to the Board for approval any amendments thereto.
  - (vi) perform such other duties and responsibilities as the Board may hereafter specify by resolution; and
  - (vii) where appropriate and with approval of the Chairman of the Board, retain special counsel or advisors to provide independent advice to the Committee with respect to the performance of its responsibilities.
5. The Committee and each member shall comply with such additional requirements as are specified in the Act and regulations and in the by-laws and resolutions of the Board in effect from time to time.