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 **NORTON ROSE FULBRIGHT**

# Beyond governance

## Sample Value Creation Committee Mandate

In collaboration with The Boston Consulting Group and RBC Capital Markets





# ABC Company - Value Creation Committee Mandate

## 1. Establishment of Committee

1.1 **Establishment of the Value Creation Committee Confirmed.** The establishment of a value creation committee of the Board of ABC Company (the **Company**) is hereby confirmed with the purpose, authorities, powers and responsibilities herein set forth.

1.2 **Definitions.** In this Mandate:

- (a) **Board** means the board of directors of the Company;
- (b) **Chair** means the chair of the Committee;
- (c) **Committee** means the value creation committee of the Board;
- (d) **Directors** means the directors of the Company;
- (e) **Mandate** means this written mandate of the Committee and any such mandate for the Committee which the Board resolves from time to time shall be the mandate of the Committee; and
- (f) **Secretary** means the secretary of the Committee.

## 2. Purpose

The Board recognizes that one of its primary tasks is to address the strategic direction of the Company and to provide oversight of the implementation of the Company's strategic plan and strategic initiatives for the creation of long-term shareholder value. While the nature and extent of the Board's involvement in strategic matters will depend on particular circumstances, the Board has created the Committee to maintain a rigorous strategic planning and oversight process with respect to the creation of shareholder value.

References to "strategy" and "strategic planning" are intended to focus on the Company's long-term strategic initiatives as opposed to its day-to-day operations, and primarily include strategies related to shareholder and investor engagement, financial and operational performance and capital allocation, and the implications of same on long-term shareholder value, as further set forth in this Mandate.

## 3. Committee Membership

3.1 **Number of Members.** The Committee shall consist of \_\_\_ independent Directors.

3.2 **Independence of Members.** Each member of the Committee shall be independent for the purposes of National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators. **[NTD: All being independent not strictly required, but optimal for independent oversight of management.]**

3.3 **Skills and Experience.** Each member will have, to the satisfaction of the Board, sufficient skills and/or experience which are relevant and will be of contribution to the carrying out of the mandate of the Committee.

3.4 **Appointment and Removal of Members.**

- (a) *Board Appoints Members.* The members of the Committee shall be appointed by the Board, having considered the recommendation of the compensation and corporate governance committee of the Board. Each member of the Committee shall serve at the pleasure of the Board for such term or terms as the Board may determine or until he or she resigns.
- (b) *Vacancies.* The Board may appoint a director to fill a vacancy which occurs in the Committee, having considered any recommendation of the compensation and corporate governance committee of the Board with respect to filling such vacancy. If a vacancy exists on the Committee, the remaining members of the Committee shall exercise all of their powers so long as a quorum of members of the Committee remains in office.
- (c) *Removal of a Member.* Any member of the Committee may be removed from the Committee by resolution of the Board.

## 4. Committee Chair

4.1 **Board to Appoint Chair.** The Board shall appoint the Chair from the members of the Committee (or if it fails to do so, the members of the Committee shall appoint the Chair from among its members). The Chair shall serve at the pleasure of the Board for such term or terms as the Board may determine or until he or she resigns.

## 5. Committee Meetings

5.1 **Quorum.** A quorum of the Committee shall be a majority of its members and no business shall be transacted by the Committee except at a meeting at which a quorum of the Committee is present.

5.2 **Secretary.** The Chair shall designate from time to time a person who may, but need not, be a member of the Committee, to be Secretary of the Committee.

5.3 **Time and Place of Meetings and Procedure.** The time and place of the meetings of the Committee, the schedule and frequency of Committee meetings, the calling of meetings and the procedure in all things at such meetings shall be determined by the Chair, in consultation with the Committee members.

5.4 **Right to Vote.** Each member of the Committee shall have the right to vote on matters that come before the Committee pursuant to the authority delegated to the Committee by the Board in accordance with the terms of this Mandate. All matters that come before the Committee shall be decided based on a majority vote at a meeting of the Committee or by unanimous written resolution of all members of the Committee.

5.5 **Invitees.** The Committee may invite Directors, officers and employees of the Company or any other person to attend meetings of the Committee to assist in the discussion and examination of the matters under consideration by the Committee.

## 6. Powers and Responsibilities of the Committee

6.1 **Powers and Responsibilities of the Committee.** The Committee shall be empowered to exercise all powers, in its sole discretion, as it determines to be necessary or desirable for the purposes of properly overseeing and assessing the Company's overall strategic planning process and strategic initiatives for the creation of long-term shareholder value and submitting recommendations to the Board regarding same.

Without limiting the generality of the foregoing, the powers and responsibilities of the Committee shall include:

(a) reviewing and critically evaluating the Company's strategic direction and strategic plan (including the

basis and rationale for key assumptions and sensitivities included in such plan);

(b) providing oversight of the implementation of the Company's strategic plan;

(c) maintaining an ongoing and interactive strategic planning process with the Company's management, including identifying, setting and maintaining strategic goals and expectations (including with respect to capital allocation and financial and operational performance);

(d) working with management to consider all available or prospective strategic alternatives for the Company, including potential acquisitions, joint ventures, strategic alliances, or other M&A or capital markets transactions, as applicable;

(e) reviewing and providing recommendations to the Board on the Company's shareholder and investor engagement strategy;

(f) monitoring and considering the impact of any changes in the Company's investor or shareholder profile and composition on the Company's strategic direction;

(g) assisting with the Board's knowledge of particular aspects of the Company's business and the industry in which it is operating in order to provide strategic insight; and

(h) such other powers and responsibilities as are delegated to it, from time to time, by the Board.

The Committee may, in its sole discretion after consultation with the Chair of the Board, refer to the Board or any other committee of the Board any and all such matters as the Committee may deem appropriate for recommendation, ratification, confirmation and/or approval.

6.2 **Retaining and Compensating Advisors.** The Committee shall have the resources and the authority appropriate to discharge its responsibilities. The Committee may retain such outside consulting, financial, legal, accounting or other advisors as it may consider appropriate and shall not be required to obtain the approval of the Board in order to retain or compensate such advisors.

6.3 **Reliance.** The Committee shall be entitled to rely, without independent verification, on the integrity of those persons and organizations within and outside the Company from whom the Committee receives information or advice and on

the accuracy and completeness of the financial and other information provided to the Committee by or on behalf of such persons or organizations, absent actual knowledge to the contrary, which shall be reported to the Board.

the adequacy of the Mandate on an annual basis and at such other times as it considers appropriate.

## 7. Reporting to the Board

7.1 **Regular Reporting.** The Chair, or his or her designate, shall report to the Board on: (i) all matters recommended by the Committee; (ii) the Committee's activities; and (iii) the Committee's compliance with this Mandate, at each regularly scheduled meeting of the Board and at such other times as the Chair may determine to be appropriate.

## 8. Decisions of the Committee

8.1 **Committee Approval.** The Committee is responsible for assisting the Board by reviewing and submitting recommendations concerning strategic initiatives and the Company's overall strategic planning process. Unless decisions regarding such matters are specifically delegated to the Committee by the Board, the Committee shall only make recommendations to the Board for its consideration and approval, if appropriate. The Board will continue to have the responsibility to instruct management to implement any directives of the Committee, in its discretion. Any recommendation of the Committee shall not become effective as a decision of the Board until such recommendation is either confirmed or otherwise amended by the Board.

## 9. Evaluation of Committee Performance and Mandate

9.1 **Establish Process.** The Committee shall follow the process established by the [Board]/[Board's compensation and/or corporate governance committee] for assessing the performance and Mandate of the Committee.

### 9.2 Review of Mandate.

(a) *Review by Committee.* The Committee shall review the adequacy of the Committee's Mandate and recommend to the Board on an annual basis, any amendments it considers desirable to the Mandate.

(b) *Review by Board.* The Board will review and reassess

## 10. Other

10.1 The Committee shall, if considered necessary, call a meeting of the Board to consider any matter of concern to the Committee.

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