



GOVERNANCE COMMITTEE CHARTER

APPROVED BY THE BOARD OF DIRECTORS ON SEPTEMBER 17, 2007

PURPOSE

1. The Corporate Governance Committee (the Committee) of Defence Construction (1951) Limited (the Corporation) is a committee of the Board of Directors with specific responsibility for evaluating and recommending to the Board corporate governance practices applicable to the corporation and for leading the Board in its annual review of the Board's performance.

COMMITTEE MEMBERSHIP AND COMPOSITION

2. The Board of Directors will appoint, from time-to-time, three or more members to serve on the Committee. One member shall be designated as the Chairperson.
3. To assist the Committee in its deliberations, and with the administrative support of management, the Committee may engage the services of professionals or professional firms with special expertise. Such support shall be at the expense of the Corporation.
4. Members of the Committee shall cease to be a member of the Committee as soon as such member ceases to be a director of the Corporation or are otherwise replaced by the Board.

MEETINGS

5. The Committee shall meet at least once per year in person or by teleconference as required to fulfill its mandate. Notice of meetings, agendas and background information shall be provided to all members of the Committee in advance of each meeting.
6. The Committee may invite others to attend meetings of the Committee as required.
7. The Chair shall preside at all meetings of the Committee, unless not present, in which case the members of the Committee will designate from among the members present the Chair for the purposes of the meeting.
8. A quorum for meetings of the Committee shall be a majority of its members.
9. Minutes of the meetings will be recorded and maintained and circulated to all members of the Committee and/or Board as required.

DUTIES AND RESPONSIBILITIES

10. In addition to other duties and responsibilities delegated to it by the Board from time to time, the Committee will have the authority and responsibility for the following duties:
 - a) Provide assistance to the Board in the review and consideration of developments in corporate governance practices, in particular related to Government mandated or recommended practices or policies;



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- b) Regularly review the Corporation's by-laws and make recommendations to the Board for amendments or updates;
- c) Annually review the charters of the Board of Directors and of all committees of the Board. Recommend such amendments to those mandates to the Board as the Committee believes are necessary and desirable;
- d) To prepare and recommend to the Board annually a statement of corporate governance principles and practices to be included in the Corporation's annual report. Such statements are to be closely aligned with existing governance guidelines of the Government;
- e) Annually review the Board profile. Recommend such amendments to those mandates to the Board as the committee believes are necessary and desirable;
- f) Establish and maintain a Board assessment process. Assess, at least annually, the effectiveness of the Board as a whole, its committees and the contribution of individual directors (including the competencies and skills that each individual director is expected to bring to the Board) utilizing this process. In consultation with the Board Chair, provide a report on this assessment to the Board; and
- g) Develop and recommend to the Board for approval and periodically review structures and procedures designed to ensure that the Board can function effectively and independently of management.

REPORTING

- 11. The Committee will report at least once annually to the Board, or more frequently as circumstances require, on its past and current activities, the costs incurred in administering the Committee process and the Committee's future plans, priorities and requirements. The Committee will also seek or receive any guidance or direction that may be required with respect to governance issues, or on other matters relating to the work of the Committee.

RESOURCES AND AUTHORITY OF THE COMMITTEE

- 12. Management will make available to the Committee those resources needed to carry out its mandate including staff assistance and funding for expenses. If required, the Committee will identify to management in advance the nature and estimated cost of such support.

CHARTER APPROVAL

- 13. This Charter was approved by the Board of Directors at its meeting on September 17, 2007.