

YUKON DEVELOPMENT CORPORATION GOVERNANCE COMMITTEE TERMS OF REFERENCE

Purpose

The purpose of the Corporate Governance Committee (the “Committee”) is to ensure Yukon Development Corporation (YDC) develops and implements an effective approach to corporate governance which enables the business and affairs of the Corporation to be carried out, directed and managed with the objective of enhancing shareholder value. The Committee is also responsible for ensuring that principal risks associated with the Corporation’s governance framework are appropriately identified, monitored and managed.

Composition

The Committee will be comprised of directors of the Board of Yukon Development Corporation. The Committee shall consist of at least three members. A majority of the members of the Committee shall constitute a quorum.

The Corporate Secretary will be secretary to the Committee.

The President and Corporate Secretary provide staff support to the Committee.

Duties and Responsibilities

Subject to the powers and duties of the Board, the Committee shall:

- a) At least annually, review the governance framework for YDC, including the board manual, and advise the Board regarding:
 - i) areas of concern;
 - ii) best practices; and
 - iii) recommend changes.
- b) Develop/update the Strategic Plan as required and no less than one every five years;
- c) Ensure the Corporation’s Business Plan is prepared for the following fiscal year;
- d) On or before March 31st of each year, prepare the following fiscal year’s Protocol Agreement and Shareholder Letter of Expectation between the Yukon Government and Yukon Development Corporation and recommend to the Board;
- e) On or before March 31st of each year, prepare the following fiscal year’s Letter of Expectation between Yukon Development Corporation and Yukon Energy Corporation (YEC), and recommend to the Board;
- f) Develop a Board Skills and Experience Profile and review, and update if needed, on an annual basis;

- g) Assist the Board to identify the skills and experience required on the Board, and make recommendations on any skills and experience gaps that should be filled by new Director candidates when vacancies occur;
- h) Review processes for and support, the annual review process for evaluating the effectiveness of the Board, Committees, the Board Chair, Chair of Committees, and Directors;
- i) Ensure programs are in place to provide orientation for new Directors and ongoing development;
- j) Approve Director participation at conferences and education sessions that fall within the Corporation's education budget and supports their role as Directors;
- k) Annually coordinate the process for Directors to review and sign the Code of Conduct and Conflict of Interest Policy;
- l) Via the Chair of the Board of Directors will communicate to government, YEC, stakeholders and the public with respect to its policies and practices in the areas of corporate governance, including the communication contained on YDC's website;
- m) Review and monitor legislation and/or litigation affecting the duties, responsibilities and potential liability of Directors;
- n) Annually, on behalf of the Board, prepare a report on YDC's governance practices; and
- o) Other corporate governance related responsibilities as assigned to the Committee by the Board Chair.

Meetings

The Committee will meet as required, but no less than four times per year.

Reporting

The Committee will report to the Board by distributing the minutes of its meetings to the Board. When a Board meeting closely follows a Committee meeting, the Committee Chair will provide a verbal report to the Board and the minutes will be circulated at the next Board meeting.

The supporting schedules and information reviewed by the Committee are available for examination by any Director upon request to the Corporate Secretary.

External Advisors

The Committee may engage independent advisors at the expense of YDC, when it deems necessary, subject to the approval of the Board Chair.

Responsibility for Policy Review

The Committee has responsibility to review at least biennially and more frequently if necessary (e.g based on legislative or regulatory changes, or a development in governance best practices) the following policies and recommend changes, if any, to the Board.

- Board Policies:
 - Board Structure
 - Board Charter
 - Individual Director's Position Description
 - Board Chair Position Description
 - Governance Committee Charter
 - Board and Committee Meetings
 - Board Composition and Succession Plan
 - Director Orientation
 - Board and Director Evaluation
 - Communications.

Accountability

The Committee will hold its meetings during regularly scheduled meetings of the Board during a session conducted as Committee of the Whole, in addition, special meetings may be held from time to time, as circumstances may require.