

# Report of the Corporate Governance and Nominating Committee

The Governance Committee is responsible for recommending Director nominees, assessing the effectiveness of the Board, its committees, Chairs and individual Directors, making succession recommendations for the Chair of the Board and the President & CEO and the Company's corporate governance. The Governance Committee seeks to achieve high standards of governance by the continual review and benchmarking of the Company's governance practices against domestic and international standards. All the Governance Committee members are independent, thereby meeting the independence requirements prescribed by applicable securities regulations and by the stock exchanges on which the Company's securities are listed.



Gail C.A. Cook-Bennett  
(Chair)



John M. Cassaday



Richard B. DeWolfe



Thomas E. Kierans



Hugh W. Sloan, Jr.



Gordon G. Thiessen

The Governance Committee held six meetings in 2008. The President and CEO attended the meetings at the invitation of the Chair of the Governance Committee. The Governance Committee met in camera without management at the end of each meeting.

In 2008, the Governance Committee, in compliance with its charter, accomplished the following:

## Board and Committee Evaluations & 2009 Objectives

The Governance Committee engages in an annual evaluation of the Board, the Board Committees and the contributions of individual Directors (see Schedule "B" – "Board Policies" for a description of the Board Evaluation process). The results of the evaluations were used to develop objectives for the Board for 2009. Included among these objectives are: the Board's oversight of the transition to the next President and CEO; working with the President and CEO to review the strategic objectives of the Company; engaging the full Board in the oversight of key aspects of risk and capital management; and as part of the on-going Board renewal process, establishing the portfolio of expertise and experience required by a board of directors of a global financial services company, to provide the basis for identifying future directors.

## Corporate Governance

In order to maintain the Company's high standards of corporate governance, developments in this area were monitored and recommendations were made to the Board to improve the Company's corporate governance program. The Governance Committee also assessed shareholder proposals and recommended appropriate responses to the Board to be included in the Proxy Circular for consideration at the Annual and Special Meeting of shareholders.

## Board and Committee Composition

The Governance Committee:

- Reviewed the Board committee structure and composition, resulting in a reconstitution of the committees.
- Continued the Board renewal process to actively manage the Director retirements over the next four years. The Governance Committee worked on identifying the ideal

Director competencies for a major global financial services organization and what gaps, if any, existed. Additional competencies to be used in identifying future nominees included, among others, Risk Management, Investments and Pan-Asian Operations.

- Appointed one new Director to the Audit Committee to comply with the Board's policy of appointing all new independent Directors to the Audit Committee.
- Confirmed the independence of all Directors, except Mr. D'Alessandro who is the President and CEO.

## Appointment of New Chair of the Board

- Engaged in a Chair succession process as Arthur Sawchuk, the Chair of the Board, retired on October 1, 2008. Gail Cook-Bennett was appointed the Chair of the Board on October 2, 2008. The Governance Committee recommended the waiver of the mandatory retirement age for Arthur Sawchuk to provide for a smooth transition to the new Chair.
- Reviewed and made recommendations for the compensation of the Chair of the Board.

## Annual Review of the President and CEO

Previously, the Governance Committee was responsible for the annual review of the President and CEO. While the Governance Committee continued to be involved in the succession process and the evaluation of the 2008 performance, the approval of the 2009 objectives and the determination of any incentive compensation was transferred to the Management Resources and Compensation Committee, as it was decided that compensation for all senior executives should be reviewed and assessed by the same committee. In 2008 the Governance Committee:

- Engaged in a succession process for the President and CEO.
- Retained Hugessen Consulting Inc. as the Governance Committee's compensation consultant to provide advice and guidance on the compensation of the current and future President and CEO as well as the newly appointed position of Chief Operating Officer.
- Recommended the compensation for the President and CEO for approval by the Board. The details are included in the "President and CEO Compensation" section.

#### **Charter Review**

The Governance Committee reviewed its charter and made recommendations for its amendment. The Governance Committee also assessed its performance against its charter and determined that it met the terms of its charter in 2008. A scorecard of the Governance Committee's compliance with its charter and the charter can be found at [www.manulife.com](http://www.manulife.com).

This report has been approved by the members of the Governance Committee.

Gail C.A. Cook-Bennett (*Chair*)

John M. Cassaday

Richard B. DeWolfe

Thomas E. Kierans

Hugh W. Sloan, Jr.

Gordon G. Thiessen