

BOARD GOVERNANCE MANUAL

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1.0 THE BUSINESS PRACTICES AND CONSUMER PROTECTION AUTHORITY

The Business Practices and Consumer Protection Authority is a not-for-profit organization which operates at arm's length from government. On July 4, 2004, the Authority assumed responsibility for the oversight of business practices and consumer protection in British Columbia, including enforcement under the *Business Practices and Consumer Protection Act* (BPCPA), the *Cremation, Interment and Funeral Services Act* (CIFSA), and regulations. On July 1, 2007 the Authority assumed responsibility for all functions under the *Motion Picture Act* (MPA) and regulations. The Authority offers information and complaint resolution services through a toll-free consumer hotline.

1.1 Purposes of Authority

The *Business Practices and Consumer Protection Authority Act* states that the purposes of the Authority are to deliver consumer protection services throughout British Columbia, to promote fairness and understanding in the marketplace, and to administer in the public interest any Act (the administration of which is delegated to the Authority).

The Authority's vision is a marketplace that is fair to consumers and businesses. The Authority provides innovative, responsive leadership in the British Columbia marketplace, promotes fairness and understanding, and administers legislation in the public interest.

The expectations of the provincial government are identified in the Administrative Agreement between the Province of BC and the Authority dated June 30, 2004. As stated in section 9.04 of the agreement, in order to achieve consumer protection and other public interest outcomes, the Authority will:

- Exercise its authority and perform its duties in accordance with the law, this Agreement and the legislation;
- Comply with the legislative mandate to deliver consumer protection services throughout British Columbia, to promote fairness and understanding in the marketplace, and to administer the legislation in the public interest;
- Meet its primary responsibility for consumer protection while ensuring a fair, safe, informed, and efficient marketplace for businesses and regulated industries;
- Increase consumer protection through timely access to a complaint-resolution process for consumer complaints that will provide for effective compliance with regulatory standards;
- Enhance consumer confidence by licensing businesses and establishing qualifications and standards of conduct;
- Promote consumer awareness through public education;
- Recommend to the Minister legislative or regulatory changes regarding the administration of the Legislation, as it deems appropriate;
- Provide the Minister with a financial report at any time when required to do so by the Minister;
- Provide the Minister with timely and reliable information and advice on matters of public interest relating to the regulated businesses;
- Advise or report to the Minister on any matter the Minister may refer to the Board relating to the administration of the BPCPA and the CIFSA;
- Report to the Minister on any matters relating to the exercise of powers, functions, and duties of the Director and the administration of the Authority this Agreement or the legislation;
- Respond to requests for information from the Minister; and
- Carry out administration of the legislation in accordance with high standards that meets or exceeds the standards exercised by similar regulatory bodies.

A separate agreement was entered into between the Province of BC and the Authority on June 27, 2007 which contains analogous provisions outlining the work of the Authority in relation to the MPA.



2.0 ACCOUNTABILITY AND TRANSPARENCY

The accountability continuum under which the Board operates is as follows:

- The *Business Practices and Consumer Protection Authority Act* provides for the establishment of the Board;
- The purposes of the Authority and the Board are outlined in the Act;
- The government and the Authority have signed administrative agreements to outline the government's objectives for the Authority;
- The Board is responsible for setting overall goals and broad general policies for the Authority and managing or supervising the management of the affairs of the Authority;
- The President and Chief Executive Officer (CEO) is responsible for the management and operation of the Authority and is accountable to the Board; and
- The Authority is also subject to the provisions of the *Ombudsman Act* and the *Freedom of Information and Protection of Privacy Act*.

Roles and responsibilities of the Authority have been clearly defined in the legislation, administrative agreements, and the Authority's communication tools, such as brochures, business plans, and annual reports. The Authority meets regularly with the government to ensure an open, timely, and accurate flow of communications in a constructive exchange.

As provided in the initial Administrative Agreement, the Minister has undertaken a review of the Authority's operations and has evaluated the effectiveness of the Authority's administration of the legislation. That review was completed in March 2007 and is available on the Authority's website. A separate review of the Authority's operations in relation to the MPA was required after July 1, 2010 in accordance with the MPA Administrative Agreement.

The Authority has systems in place to ensure a high level of disclosure and transparency. For example, the Authority will meet the following reporting requirements, as required under the Administrative Agreement (Article 11):

- To prepare a three-year business plan each year, prior to the end of the Authority's fiscal year;
- To prepare an annual report within six months of the end of each fiscal year; and
- To make the business plan and annual report available to the public.

The Authority has adopted processes to enhance its transparency. The Authority publishes a wide variety of information on its website, including media releases, reports, and brochures. The Administrative Agreement requires the appointment of members to the Board to "be conducted in a manner which reflects the highest standards of transparency and accountability to the public, consistent with the need to protect the privacy interests of the candidates for appointment to the Board."

Disclosure is a key aspect of accountability and transparency. This document is posted to the Authority's website with the purpose to advise the public about the Board processes and procedures. Biographies of the Board members are available on the website. The Board will continue to meet best practices disclosure requirements as documentation is approved.

3.0 BOARD MANDATE AND RESPONSIBILITIES

3.1 Board Overview

The Board of Directors of the Authority is the strategic leader and fiduciary steward in service to the organization, setting the overall goals and broad general policies for the Authority. The CEO is held responsible by the Board for



achieving goals and the overall management of the Authority. The Board of Directors monitors and evaluates the CEO's progress towards meeting approved goals and compliance with Board policy.

The Board focuses on its broad strategic and monitoring roles and does not become involved in the day-to-day operations of the Authority.

The Board has three standing committees: the Governance & Nominating Committee, Human Resources & Compensation Committee, and the Finance & Audit Committee. Other committees may be appointed by the Board.

In addition, the Board may establish formalized or casual engagement activities for regulated industries to identify consumer- and industry-related issues, provide potential solutions for consideration by the Authority, and provide feedback on any matters put forward to the group for consideration. Activities may include industry and consumer representatives.

3.2 Mandate

Pursuant to 12(i) of the *Business Practices and Consumer Protection Authority Act*, “the Directors must manage the affairs of the Authority or supervise the management of those affairs and may exercise the powers conferred on the Authority under this Act or any other enactment.”

3.3 Responsibilities

The overriding responsibilities for the Board and each individual Director is to act with a view to the best interests of the Authority, to act honestly and in good faith, and to exercise the care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances.

The Board is responsible for its corporate governance practices which include establishing principles and guidelines appropriate to its responsibilities, and evaluating the Board itself, its committees and its formalized or ad hoc industry relations groups.

To discharge its mandate, the Board organizes itself and its work to guide and oversee the Authority in meeting the Authority's mandate.

Specific responsibilities taken on by the Board in guiding and overseeing the Authority include:

- Recruiting, appointing, monitoring, assessing, ensuring the performance of, evaluating and terminating the CEO;
- Reviewing succession planning and management development;
- Providing strategic direction, approving the strategic plan, and approving the performance measures (outcomes) identified in each business plan;
- Monitoring organizational performance;
- Ensuring a culture of integrity, accountability, openness, collaboration, trust, and service-orientation;
- Approving public reports;
- Reviewing financial internal controls and management information risks;
- Identifying and managing the principal risks of the Authority's operations and soliciting recommendations to manage those risks, together with the CEO; and
- Consulting with stakeholders and ensuring that stakeholder issues are addressed.

3.3.1 Appointing and Evaluating the Chief Executive Officer

The *Business Practices and Consumer Protection Authority Act* states that “the Directors must appoint an individual as the chief executive officer of the Authority to carry out the functions and duties that the Board specifies and may set the remuneration of the chief executive officer” (section 21). The Act empowers the CEO, to the extent authorized by the Board, to appoint officers and employees of the Authority and to define their duties.



Section 11.0 of this manual addresses the CEO's mandate and responsibilities.

3.3.2 Succession Planning and Management Development

The Board annually reviews the management development and succession plan for senior staff of the Authority, and the identification of successors or contingency plans in case of the unexpected incapacity of the CEO or his/her direct reports.

3.3.3 Strategic Planning

The CEO is responsible for developing the Authority's strategic plan. The Board's role is to approve the strategic objectives (outcomes), approve the strategic plan, and approve the business plan and its performance measures.

3.3.4 Monitoring Organizational Performance

The Board is responsible for ensuring that the CEO has adequate processes in place for providing the Board with the information necessary to monitor whether the plans and objectives set for the Authority are met and whether the policies guiding the administration of the Authority are complied with. To this end, the Board will establish an annual monitoring plan.

3.3.5 Public Reports

The Board is responsible for approving the content of all major reports to the public. Examples are annual reports, financial statements, and business plans.

The Board has authorized management to speak for the Authority in all communications with stakeholders including employees, government, consumer organizations, and both regulated and unregulated industries.

Directors may be asked by management to assist with communications or may be asked directly to speak publicly about the Authority. In all cases, the CEO will be responsible for ensuring that communication is properly handled, including preparation of any necessary meeting materials and public statements.

3.3.6 Internal Control and Management System

The Board is responsible for seeing that sufficient control systems exist to ensure the effective discharge of its responsibilities for stewardship over resources, compliance with legislative and other requirements, and for meeting its mandate.

In reviewing systems, the Board must ensure there is an appropriate balance between the cost of the control system and the resulting benefits and assurances.

3.3.7 Principal Risks

The Board needs to be aware of the principal risks and changes in risk exposure to the Authority. It is the CEO's responsibility to keep the Board informed of such risks and mitigation plans and actions during the strategic planning process and as changes occur during the year. Any issues of concern that should come to the attention of the CEO or any Director should be brought to the Board.

The Board has specifically assigned the responsibility for the review of financial internal controls and management information risks to its audit committee.

3.3.8 Stakeholder Relations

In order to ensure the Authority is meeting its legislative mandate as encapsulated in the Authority's vision, mission, and operating principles, the Board has to be continually aware of existing and emerging consumer, business and other stakeholder issues. Although it is the CEO's responsibility to keep the Board informed about stakeholder issues, the Board also consults with stakeholders.



4.0 BOARD STRUCTURE

4.1 Legislative Requirements

By legislation, the Board may consist of up to nine (9) directors including one (1) director who may be appointed by the Minister. The Chair of the Board is appointed from among and by the directors. Note: the Chair cannot be the Director appointed by the Minister.

4.2 Composition

For reasons of cost and efficiency, Board policy is to keep the size of the Board small as long as it meets its criteria for knowledge, skills, and abilities to meet its mandate and respond to its various stakeholder groups.

Board policy is not to seek direct stakeholder representation on the Board. The Board recognizes that given the breadth of its mandate for consumer protection and business practices, as well as the diversity of businesses it regulates, direct stakeholder representation on the Board is not the most effective way for the Board to meet its mandate. Therefore, the Board has directed its Governance & Nominating Committee to seek candidates with a broad consumer and business perspective. See Appendix F: Recruitment Provisions within the *Business Practices and Consumer Protection Authority Act* and Administrative Agreement for more information.

4.3 Board Knowledge, Skills, Experience, and Competencies

The Board will ensure the collective mix of knowledge, skills, experience, and competencies supports the Board's ability to govern the Authority to meet consumer, industry, and government needs.

Collectively, to foster its ability to provide strategic direction and fulfill its oversight responsibilities, Board knowledge, skills, and experience should as much as possible include:

- Membership on Boards of Directors, including not-for-profit boards;
- Public policy, legislation, and regulatory environments;
- Financial literacy;
- Consumer and consumer protection issues;
- Public relations, communications, and awareness;
- Law;
- Developing and operating businesses;
- Developing partnerships and alliances; and
- Strategic planning and business risk.

In addition, each Director should demonstrate the following competencies:

- Analytical & Technical Skills (Financial Acumen, Group Decision Making Orientation, Process Orientation);
- Thinking (Conceptual Thinking, Independent Thinking, Open-Minded/Information Seeking, Objectivity);
- Personal Style (Ambiguity Tolerance, Effective Judgement, Initiative, Integrity, Self Awareness, Bias to Learn); and
- Social Style (Orientation to Resolve Conflicts, Communication, Influence & Impact, Political Astuteness).

These competencies are further defined in Appendix B.

4.4 Term

The term of office of the chair is five years. The term of office of a director other than the chair is three years. A Director may not serve as a Director for more than six consecutive years unless the additional service is as the Chair. A Director may not serve as the Chair for more than ten (10) consecutive years. A person who has served the maximum number of consecutive years is not eligible to be reappointed as a Director until after a break in service of at least three years.



4.5 Terms of Reference

4.5.1 Board

The basic responsibility of a Director is to exercise his/her business judgment and act in what he/she reasonably believes to be in the best interests of the Authority and its stakeholders, using consumer protection as a guiding principle. In discharging that obligation, a Director should be entitled to rely on the honesty and integrity of the Authority's CEO and senior executives and the Authority's outside advisors and auditors.

4.5.2 Chair

The Chair assures the integrity of the Board's process and, as required, occasionally represents the Board to outside parties. The Chair ensures the Board behaves consistently with its own rules and those legitimately imposed upon it through legislation. The Board also appoints a Vice-Chair. See Appendix A for the Terms of Reference for the Chair of the Board of Directors.

4.5.3 Director

The terms of reference for a Board member (See Appendix B) include specific responsibilities in relation to Board activity, preparation, and participation at Board meetings and evaluation of the Director's performance.

4.5.4 President and CEO

The CEO is a non-voting ex-officio member of the Board and is the operational leader of the Authority. The CEO's responsibilities are provided in Section 11 of this manual.

4.5.5 Board Secretary

The Board, by resolution, has appointed a Board Secretary who assists the Board to complete its duties by organizing and recording the activities of the Board and its Committees. The Board Secretary's responsibilities are provided in Appendix H.

4.6 Board Meetings, Agendas, and Minutes

The Board will hold regularly-scheduled meetings and will prepare an annual meeting schedule. Other meetings will be called as required.

The agenda and materials of Board meetings shall generally be issued not less than five (5) working days in advance, but in special circumstances not less than 48 hours in advance. A simple majority of the Directors holding office constitutes a quorum. If there is a tie vote of the Directors present at a meeting of the Board, the Chair must cast a second and deciding vote. Meetings may include a Board in-camera session, as required.

The Chair, in consultation with the CEO, will develop the agenda for each Board meeting. All directors may suggest additions to the agenda.

All decisions of the Board must be made by resolution.

The Board members will be provided draft minutes of the previous meeting for approval at the next scheduled Board meeting.

The Board will follow an annual agenda that provides for the review of strategic outcomes annually and continually improves board performance through board education, consultation, and deliberation. The cycle will conclude each year on the last day of June so administrative planning and budgeting can be based on accomplishing a one-year segment of the Authority's most recent business plan.

The cycle will start with the Board's development of its agenda in the third quarter for the next year. Factors influencing the agenda include the planning framework, the Board Governance Manual requirements, the Board evaluation recommendations, and legislative requirements.



Consultations with selected groups, research, and relevant education and training will be arranged by the fourth quarter of the calendar year.

Monitoring the CEO's performance will be included on the agenda. Evaluation of the CEO will take place and remuneration will be decided annually. The evaluation will include a review of the CEO monitoring reports.

5.0 CONFLICT OF INTEREST POLICY, LAW, AND DECLARATION

Standards of conduct and conflict of interest provisions are identified in the *Business Practices and Consumer Protection Authority Act*. To meet these requirements, the Board has established policies to promote integrity and ethical behaviour. A conflict of interest policy, law, and declaration form will be signed annually by each Board member.

Appendix C outlines the Conflict of Interest Policy, Law, and Declaration Form.

6.0 DEVELOPMENT AND EDUCATION POLICY

The Director Development and Education Plan consists of two components: Director Orientation and Continuing Education.

6.1 Director Orientation

The Director Orientation Program is designed to provide an understanding of the mandate and operations of the Authority, as well as consumer and industry issues, and industries directly regulated by the Authority.

The program consists of:

- Self study through an orientation binder containing comprehensive information about the Authority, its mandate, operations, regulated industries, business plans, annual reports, legislation, etc.;
- Briefings from the Chair, CEO, and senior management;
- Tour of the Authority operations and introductions to and meetings with key staff; and
- Tour of the website.

6.2 Continuing Education

Continuing education is intended to expand the Directors' understanding of consumer and business issues – particularly in the regulated industries. Education will be tailored to each individual Director's need and will include attendance at relevant conferences seminars, etc., which expand the Director's understanding of issues affecting the Authority's responsibilities.

6.3 Cost of Governance

The Board is committed to the development of its governance capacity. The Board will approve an annual budget which includes expenditures for training for Board members, including attendance at conferences and workshops; audit and other third-party monitoring of organizational performance; and surveys, focus groups, opinion analyses, and meeting costs.

7.0 DIRECTORS' COMPENSATION

Directors' compensation consists of two components: a Board retainer and meeting fees.

7.1 Board Retainer

Board retainers compensate Board members for all time spent on the Authority's business other than scheduled Board and Board committee meetings where the Director is asked to attend by the Authority. The Board retainer



compensates Directors for activities such as time spent responding to Authority requests for information or advice, meetings under two hours, meeting preparation, industry relations meetings, travel, continuing education, etc.

Each Director will be paid the currently approved annual retainer of \$13,500 for the calendar year, and each Committee Member will be paid the currently approved annual retainer of \$1,500 per committee. The Board Chair will be paid an annual retainer of \$30,000, while Committee Chairs will be paid an annual retainer of \$3,000. Retainers will be paid quarterly by the Authority, in advance. These payments will each be for one fourth of the annual retainer and be paid within 15 days of the first day of the months of January, April, July, and October of each year during the term of the Director. The quarterly payment will be prorated for any quarter in which the term of the director commences and/or expires. No payment will be due for any quarter in which the individual is no longer a Director.

7.2 Meeting Fees

Meeting fees are paid for all approved Board and Board committee meetings. Meetings scheduled in excess of four (4) hours will be paid at the daily rate of \$1,000 and meetings in excess of two (2) hours will be paid at one-half the daily rate. In no circumstance will more than the daily rate be paid for any one day.

7.3 Out-of-Pocket Expenses

Reasonable out-of-pocket expenses and per diems will be reimbursed at the same rate that is approved for the CEO. Expense claims are to be submitted on a regular basis with corresponding receipts.

8.0 BOARD INDUSTRY RELATIONS

The Board may establish industry relations activities to consult with the Authority and may:

- Name formalized groups;
- Establish specific terms of reference for formalized groups;
- Establish the size and composition;
- Name the members appointed; and
- Specify appointment terms of up to three (3) years.

The Authority may consult with industry in order to:

- Identify consumer- and industry-related issues and potential solutions for consideration by the Authority;
- Provide feedback on any matters put forward by the Authority to the group for consideration; and
- Consider other related matters.

9.0 BOARD COMMITTEES

The *Business Practices and Consumer Protection Authority Act* requires the Board to establish a nominating committee. The Act further states that the Board must appoint a nominating committee from among its members. The Board may establish further committees of the Board to assist the Board in discharging its responsibilities. The Board has established three committees: Governance & Nominating Committee, Human Resources & Compensation Committee and Finance & Audit Committee. Committees may advise or make recommendations to the Board for its consideration; however, the Board is not bound by the committees' recommendations.

9.1 Membership

The Board appoints the chair and members of a committee for a one-year term; however, members and the Chair may serve consecutive terms. A committee member may be removed at any time by the Board and if the member is a Board Director, that member will cease to be a committee member upon ceasing to be a Director of the Board.

The Chair of the Board of Directors is an ex-officio member of every committee, but may only vote on those committees to which he/she has been appointed by the Board.



The CEO and the Board Secretary are invited to attend all committee meetings except when the committee meets in-camera.

9.2 Terms of Reference

The Board approves the terms of reference for each committee. Annually, the committee must review its terms of reference and make recommendations to the Board on changes it deems appropriate.

See Appendix D for the full terms of reference for the Finance & Audit Committee.

See Appendix E for the full terms of reference for the Governance & Nominating Committee.

See Appendix G for the full terms of reference for the Human Resources & Compensation Committee

9.3 Board Committee Principles

The Board committees, when used, will be assigned so as to reinforce the wholeness of the Board's job and so as not to interfere with delegation from the Board to the CEO. Board committees will be guided by the following principles:

- Board committees are to help the Board do its job, not to help or advise the staff. Committees will assist the Board by preparing policy alternatives and implications for Board deliberation. Board committees will normally not have dealings with current staff operations.
- Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes. Expectations and authority will be carefully stated in order not to conflict with authority delegated to the CEO.
- Board committees cannot exercise authority over staff. Because the CEO is the sole employee of the Board, he or she will not be required to obtain approval of a Board committee before making an executive decision.
- Board committees may not interfere with delegation to the CEO.
- Board committees are to avoid over-identification with organizational parts rather than the whole; therefore, a Board committee that has helped the Board create policy on some topic will not be used to monitor organizational performance on the same topic.
- Committees will be used sparingly and ordinarily in an ad hoc capacity.
- These principles apply to any group that is formed by the Board, regardless of whether it is called a committee and regardless of whether the group includes Board members. It does not apply to committees formed under the authority of the CEO.

10.0 BOARD AND COMMITTEE EVALUATION AND DIRECTOR REVIEWS

The Board is responsible for annually assessing the overall performance of the Board and its committees. The objective of this review is to contribute to a process of continuous improvement in the Board's execution of its responsibilities. The review should identify any areas where the Directors or management believe that the Board could make a better collective contribution to overseeing the affairs of the Board. Director peer reviews will be conducted on an annual basis.

11.0 CEO MANDATE AND RESPONSIBILITIES

11.1 CEO as Sole Board Employee

The Board considers the CEO to be its sole employee and the Board's official connection to the organization, its achievements, and conduct. The Board holds the CEO solely responsible for adherence to Board policy and the effective operation of the Authority, including compliance with all legislative requirements and the Administrative Agreement.

Accordingly,



- The Board will never give instructions to persons who report directly or indirectly to the CEO;
- The Board will refrain from evaluating, either formally or informally, any staff other than the CEO; and
- The Board will view CEO performance as identical to organizational performance, so that organizational accomplishment of Board-stated outcomes and avoidance of Board-proscribed processes will be viewed as successful CEO performance.

11.2 Delegation to the CEO

The Board will carry out its responsibilities by prescribing all organizational outcomes to be achieved, and by setting policies that describe organizational situations and actions to be avoided, allow the CEO to use any reasonable interpretation of these policies. The CEO is authorized to establish further policies, make all decisions, take all actions, establish all practices, and develop all activities.

The Board may change its policies on outcomes and restrictions on the CEO's authority, thereby shifting the boundary between Board and CEO domains and changing the latitude of choice given to the CEO. However, as long as any particular delegation is in place, the Board will respect and support the CEO's choices.

11.3 Responsibilities

The CEO is a non-voting ex-officio member of the Board and is the operational leader of the Authority. The CEO's responsibilities include:

- Managing the operations of the Authority;
- Preparing the strategic plan and business plan and implementing them after Board approval;
- Preparing a Risk Management Plan for the Authority's operations and implementing processes to manage identified risks;
- Ensuring compliance with Board policies, including executive limitations;
- Ensuring compliance with legislative requirements and the Administrative Agreement; and
- Developing alliances and partnerships beneficial to the Authority.

11.4 Evaluation of the CEO

The Board, or a committee delegated by the Board, shall establish a process to evaluate the CEO.

As the Board's sole employee, the CEO's evaluation is primarily based on the Authority's success in achieving its outcomes and adhering to the Board's policies. Also considered will be the Authority's compliance with its legislative responsibilities and the Administrative Agreement, and support to the Board in carrying out its governance responsibilities.

In conducting the evaluation, the Board will consider objective evidence, and where such evidence is not available, the Board's collective assessment will be the measure.

The evaluation will be carried out annually in conjunction with the issuance of the annual report of the Authority.



APPENDICES

Appendix A - Terms Of Reference for the Chair of the Board of Directors

Appendix B - Terms of Reference for a Board Member

Appendix C - Conflict of Interest Policy, Law, and Declaration

Appendix D - Terms of Reference for the Finance & Audit Committee

Appendix E - Terms of Reference for the Governance & Nominating Committee

Appendix F - Recruitment Provisions

Appendix G - Terms of Reference for the Human Resources & Compensation Committee

Appendix H - Terms of Reference for the Board Secretary



Appendix A - Terms Of Reference for the Chair of the Board of Directors

1.0 GENERAL

The Chair provides leadership in guiding the Board and coordinating its activities in the best interest of the Authority. In general, the Chair is charged with managing the Board's work and ensuring its effectiveness, playing a pivotal role in the Board's relationship with management and representing the Authority with regulated stakeholders.

In particular, the Chair is responsible for ensuring the Board exercises full governance and the affairs of the Authority and meets requirements under the *Business Practices and Consumer Protection Authority Act* and its Administrative Agreements with the Minister of Public Safety and Solicitor General.

2.0 THE ROLE OF THE CHAIR

The role of the Chair is to protect the integrity of the Board's governance process. The Chair normally serves as the Board's official spokesperson. Accordingly, the Chair has the following authority and duties:

2.1 Ensuring an Effective Board

- a) Chair Board meetings with all the commonly accepted authority, responsibility, and accountability of that position in accordance with the legislation, prescribed Board procedures, and Robert's Rules of Order. Discussion content of meetings will be only those issues which, according to Board policy, clearly belong to the Board to decide, not the CEO. Deliberation will be fair, open, and thorough, but also timely, orderly, and kept to the point.
- b) Act in a manner that is consistent with Authority's Code of Conduct and policies relating to the governance process and Board-CEO linkage. The Chair is authorized to apply a reasonable interpretation of the provisions in these policies. However,
 - The Chair's authority shall not extend to implementing or making decisions, which authority belongs to the Board as a whole.
 - The Chair's authority shall not extend to implementing or making decisions concerning outcome measures or policies limiting the CEO's authority.
 - The Chair has no authority as an individual to supervise or direct the CEO.
- c) Coordinate and approve Board agendas and information provided for all Board meetings.
- d) Establish the Board timetable.
- e) Establish a schedule identifying which Board members will attend which various industry relations meetings, subject to change as required.
- f) Lead the Board so that the Board's performance is consistent with its own rules and policies and those legitimately imposed on it from outside the organization.
- g) Lead the Board in its reviewing and monitoring:
 - The strategy, policies, and direction of the Authority, including the assessment of its principal risks;
 - The corporate culture and internal control systems;
 - The exercise of its communications policy;
 - Stakeholder relations; and
 - Management succession plan for senior staff.
- h) Co-ordinate the evaluation and appointment of the CEO.
- i) Ensure that the entire Board is fully informed about Board business.
- j) Facilitate respectful teamwork amongst Directors.
- k) Build consensus and ensure there is Board cohesion of purpose and direction.
- l) Manage conflicts of interest.
- m) Co-ordinate the appointment of committee chairs and members.
- n) Attend Board committee meetings, as appropriate.
- o) Sign all contracts and correspondence authorized by the Board and sign all official Board reports.
- p) Act as the Board's liaison on process and timing issues regarding Board's business.



- q) Annually evaluate the work of the Board and Directors.

2.2 Working with Management

- a) Act as the principal liaison between the Board and the CEO.
- b) Build and maintain constructive Board relationships with management.
- c) Regularly meet with CEO and discuss Authority issues and opportunities to ensure that the Board is aware of all significant developments so it has sufficient knowledge to make informed judgments.
- d) Communicate Board consensus to the CEO.
- e) Communicate stakeholder consensus to the CEO.

2.3 Working with Stakeholders

- a) Build and maintain sound working relationships with the responsible Minister and the other government representatives.
- b) Build and maintain effective relationships with regulated industries and consumers.
- c) Represent the Board to outside parties in announcing board-stated positions and in stating decisions and interpretations within the areas delegated to the Chair. The Chair may delegate this authority to other directors when appropriate, but remains accountable for its use.
- d) Represent the Board as requested with:
 - Consumer organizations;
 - Business organizations; and
 - Inter-governmental relationships.

3.0 ABSENCE OF CHAIR

In the absence of the Chair, the Vice-Chair and/or Director designated by the Chair carries out all responsibilities and duties of the Chair. Should neither the Chair nor the Vice-Chair be available, any other Director who has been delegated that function has all responsibilities and duties of the Chair.



Appendix B - Terms of Reference for a Board Member

Goals and Objectives:

As a member of the Board, each Director shall:

- Through the exercise of due diligence, support the Authority's commitment to high standards of corporate governance.
- Adhere to the Conflict of Interest Policy and Law.
- Actively promote the achievement of the Authority's purpose.
- Support approved Board policies and decisions.
- Demonstrate a willingness to support the Authority's vision and strive for excellence.

Specific Responsibilities:

A Director will fulfill the following specific responsibilities. As a Board and Committee member, each Director shall:

- Be knowledgeable about the Authority's objectives, the legislative framework under which it operates, and the financial position of the Authority.
- Act within the objectives of the Authority.
- Exercise good judgment.
- Ensure minutes are accurate and reflect her/his position.
- Use his/her abilities, knowledge, and experience constructively on behalf of the Authority.
- Be an available resource to management and the Board.
- Advise the Chair prior to introducing significant and/or previously unknown information or material at a Board meeting.
- Understand the difference between governing and managing, and not encroach on management's area of responsibility.
- Demonstrate a willingness and availability for one-on-one consultation with the Chair and CEO.
- Evaluate Board performance.
- Build collegial working relationships with other Board and Committee members that contribute to consensus.

To enhance the effectiveness of Board and committee meetings, each Director shall:

- Prepare for Board and committee meetings by reading reports and background materials prepared for each meeting.
- Ensure he/she has adequate information for decision-making.
- Maintain an excellent Board and committee meeting attendance record. The target is 100% attendance. Anything less than 75% attendance, without extenuating circumstances, would create considerable concern for the Board.
- Actively participate in Board and committee meetings.

When a Board member attends stakeholder relations meetings, the following applies.

- A Board member attending meetings does so for the purposes of:
 - Affirming the Board's commitment to listen and hear what the industry and consumer issues are for the regulated industries;
 - The education of the member to gain knowledge of the industries and, therefore, an understanding of the industry and consumer issues under discussion; and
 - To update fellow members and the Board as a whole on the issues and matters discussed at the meetings.
- The Chair will establish a schedule identifying which Board members will attend which various industry relations meetings, subject to change as required.
- It is not required that all members attend all the meetings.
- It is vital to the consultation process that the member not provide direction or the Board's position on an issue or topic.



- To ensure the effectiveness of the meeting process, the member must be diligent not to offer decisions or be seen to be overruling the chair or facilitating the meeting.
- To support communication between the Authority and industry, the member should not appear to be instructing or disagreeing with Authority staff. Any issues or concerns that the Board member wishes to comment on should be raised subsequently with the Chair of the Board for possible discussion at an upcoming meeting.

The 18 Competencies of an Effective Director

Competency Groups	Competency List	Definitions
Knowledge	Knowledge of Board & Role	Understands basic responsibilities, accountabilities, and liabilities as a director and board member.
Analytical & Technical Skills	Financial Acumen	Can read and interpret financial reports.
	Group Decision-making Orientation	Can identify and diminish group think tendencies and recognize decision-making biases in board discussions
	Process Orientation	Makes decisions and seeks outcomes by consistent application of logical sequence of steps.
Thinking	Conceptual/Strategic Thinking	Makes connections between apparently separate issues, seeing pattern, trends, or relationships, and developing mental frameworks to explain and interpret information.
	Independent Thinking	Maintains own convictions despite undue influence, opposition, or threat.
	Open-Minded/Information Seeking	Values the diverse opinions and builds innovation on the foundation of other people's views.
	Objectivity	Draws conclusion by impartial evaluation of other perspectives and views without prejudice or bias.
Personal Style	Ambiguity Tolerance	(Based on limited information) retains a positive outlook when the group is unable to resolve an issue or reach a conclusion and is willing to take a measured risk even when the outcomes are uncertain. The ability to balance the need to acquire information with the cost of acquiring.
	Effective Judgment	Supports consensus building and applies common sense, measured reasoning, knowledge, and experience to come to a conclusion.
	Initiative	Grasps opportunities and proactively ensures that appropriate action is taken to address problems, obstacles, or opportunities.
	Integrity	Trustworthy and conscientious, and can be relied upon to act and speak with consistency and honesty.
	Self-awareness	Accurately assesses strengths and weaknesses of self and of others and can manage them successfully.
	Bias to Learn	Invests time learning about organization, its issues and people, and the industry in which the organization operates.
Social Style	Orientation to Resolve Conflict	Ensures conflict is resolved with justice and fairness in order to restore healthy relationships. Understands and balances often conflicting and diverse stakeholder perspectives.
	Communication	Gives and receives information with clarity, attentiveness, understanding, and perception.
	Influence & Impact	Ability to appropriately influence, persuade, or convince Board members to adopt a specific course of action.
	Political Astuteness	Experienced level of acumen and savviness at Board and stakeholder levels.



Appendix C - Conflict of Interest, Policy, Law, and Declaration

CONFLICT OF INTEREST POLICY, LAW, AND DECLARATION

The fundamental relationship between a Director and the Business Practices and Consumer Protection Authority (the “BPCPA” or the “Authority”) should be one of trust; essential to trust is a commitment to honesty and integrity. Ethical conduct within this relationship imposes certain obligations. The purpose of this document is to set out minimum standards of ethical conduct expected of all Directors appointed to the BPCPA Board and to define “conflict of interest.” This document will, in Part 1, provide a profile of the individual; in Part 2, provide a Declaration for Board members; in Part 3, state the approved Board policy; and in Part 4, provide the applicable law. Board members will declare that they have read the law and policy and will declare positions which may lead to a real or perceived conflict of interest. This form is to be completed annually by Board members.

PART ONE: PROFILE

Name		
Educational Background		
<u>Professional & Employment Background</u>		
Name	Position	Date
<u>Membership in Professional Organizations</u>		
Organization	Date	

PART TWO: DECLARATION



I _____ (name), acknowledge that I have read and considered The Standards of Ethical Conduct for Directors and agree to conduct myself in accordance with these Standards

I further declare as follows:

1. A direct or indirect conflict with my duty as a Director may arise because (please indicate if non-applicable):
 - a) I hold the following offices (appointed or elected):
 - b) I, or any trustee or any nominee on my behalf, own or possess, directly or indirectly, the following interests:
2. The nature and extent of the direct or indirect conflicting duty or interest noted in paragraph 1 above is (please indicate if non-applicable):
3. A real or perceived conflict of interest with my duty as a Board member for the Authority may arise because I receive financial remuneration (either for services performed by me, as an owner or part owner, trustee, or employee or otherwise) from the following sources (please indicate if non-applicable):
4. Other than disclosed above, relationships or interests that could compromise, or be perceived to compromise, my ability to exercise judgment with a view to the best interests of the Board and the Authority are as follows (please indicate if non-applicable):

Further, I confirm that:

- I am not under the age of 18 years;
- I have not been found by a court, in Canada or elsewhere, to be incapable of managing my own affairs;
- I am not an undischarged bankrupt; and
- I have not been convicted inside or outside of British Columbia of an offence in connection with the promotion, formation, or management of a corporation or an unincorporated business, or of an offence involving fraud.

I also attest to the veracity of the information provided in this document.

If, at any time, following the signing of this Declaration, there occurs any material change to the information provided, either by way of addition or deletion, I shall forthwith file an updated Declaration.

I further acknowledge that, in the course of my duties with the BPCPA, I may be requested to provide certain personal information to the BPCPA, and I consent to the Authority's collection, use and disclosure of such personal information as may be required by the BPCPA from time to time in the course of its business, including, without limitation, for purposes related to the preparation of annual reports, minute books, and other corporate records or filings.

Director Signature

Date

Print Name

Filed with the Board Secretary of the Business Practices and Consumer Protection Authority in Victoria, B.C. on this _____
day of _____, 20_____.

Board Secretary Signature

Date

Print Name

PART THREE: POLICY

1. COMPLIANCE WITH THE LAW



- Directors should act at all times in full compliance with both the letter and the spirit of all applicable laws.
- No Director should commit or condone an unethical or illegal act or instruct another director, employee, or supplier to do so.
- Directors are expected to be sufficiently familiar with any legislation that applies to their work to recognize potential liabilities and to know when to seek legal advice. If in doubt, Directors are expected to ask for clarification.
- Falsifying any record of transactions is unacceptable and grounds for dismissal.
- Directors should not only comply fully with the law, but should also avoid any situation which is or could be perceived as improper.
- Directors should act in a manner that promotes a work environment that is free from discrimination and harassment where all Directors, employees, and stakeholders are treated with respect and dignity.

2. CONFLICTS OF INTEREST

- In general, a conflict of interest exists for Directors who use their position in the BPCPA to benefit themselves, friends, family, or associates.
- A Director should not use his or her position with the BPCPA to pursue or advance the Director's personal interests; the interests of a related person^[1] or friend; the Director's business associate, corporation, union, or partnership; or the interests of a person to whom the Director owes an obligation.
- A Director should not directly or indirectly benefit from a transaction with the BPCPA over which a Director can influence decisions made by the BPCPA.
- A Director should not take personal advantage of an opportunity available to the BPCPA unless the BPCPA has clearly and irrevocably decided against pursuing the opportunity, and the opportunity is also available to the public.
- A Director should not use his or her position with the BPCPA to solicit clients for the Director's business, or a business operated by a close friend, a related person, the Director's business associate, corporation, union or partnership of the Director, or a person to whom the Director owes an obligation.
- Every Director should avoid any situation in which there is, or may appear to be, a real or perceived^[2] conflict of interest which could interfere with the Director's judgment in making decisions in the best interest of the BPCPA.
- There are several situations that could give rise to a conflict of interest. The most common are accepting gifts, favours, or kickbacks from suppliers; close or family relationships with outside suppliers; passing confidential information to competitors or other interested parties; or using privileged information inappropriately. The following are examples of the types of conduct and situations that can lead to a conflict of interest:
 - Influencing the Authority to lease equipment from a business owned by the Director's spouse;
 - Influencing the organization to allocate funds to an institution where the Director or his or her relative works or is involved;
 - Participating in a decision by the Authority to hire, promote, or terminate a relative, friend, or associate of the Director;
 - Influencing the BPCPA to make all its travel arrangements through a travel agency owned by a relative of the Director;
 - Influencing or participating in a decision of the BPCPA that will directly or indirectly result in the Director's own financial gain.
- A Director should fully disclose all circumstances that could conceivably be construed as conflict of interest.

3. DISCLOSURE

- Full disclosure enables Directors to resolve unclear situations and gives an opportunity to dispose of conflicting interests before any difficulty can arise.
- A Director should, immediately upon becoming aware of a potential conflict of interest situation, disclose the conflict (preferably in writing) to the Chair. This requirement exists even if the Director does not become aware of the conflict until after a transaction is complete.
- If a Director is in doubt as to whether a situation gives rise to a conflict, real or perceived, the Director should recuse himself or herself.
- Unless a Director is otherwise directed, a Director should immediately take steps to resolve the conflict or remove the suspicion that it exists.
- If a Director is concerned that another Director is in a conflict of interest situation, the Director should immediately bring his or her concern to the other Director's attention and request that the conflict be declared. If the other Director refuses to declare the conflict, the Director should immediately bring his or her concern to the attention of the Board Chair. If there is a concern with the Board Chair, the issue should be referred to the governance committee or equivalent committee of the Board that deals with board governance issues.
- A Director should disclose the nature and extent of any conflict at the first meeting of the Board after which the facts leading to the conflict have come to that Director's attention. After disclosing the conflict, the Director:
 - Should not take part in the discussion of the matter or vote on any questions in respect of the matter (although the Director may be counted in the quorum present at the Board meeting);
 - If the meeting is open to the public, may remain in the room, but shall not take part in that portion of the meeting during which the matter giving rise to the conflict is under discussion, and shall leave the room prior to any vote on the matter



- giving rise to the conflict;
- Should, if the meeting is not open to the public, immediately leave the meeting and not return until all discussion and voting with respect to the matter giving rise to the conflict is completed; and
- Should not attempt, in any way or at any time, to influence the discussion or the voting of the Board on any question relating to the matter giving rise to the conflict.

4.0 OUTSIDE BUSINESS INTERESTS

- Directors should declare possible conflicting outside business activities at the time of appointment. Notwithstanding any outside activities, Directors are required to act in the best interest of the Authority.
- No Director should hold a significant financial interest, either directly or through a relative or associate, or hold or accept a position as an officer or Director in an organization in a material relationship with the Authority, whereby virtue of his or her position in the Authority, the Director could in any way benefit the other organization by influencing the purchasing, selling, or other decisions of the Authority, unless that interest has been fully disclosed in writing to the Authority and approved by the Board by resolution of more than two thirds of all the Directors.
- In this context, a “significant financial interest” is any interest substantial enough that decisions of the Authority could result in a personal gain for the Director.
- These restrictions apply equally to interests in companies that may compete with the Authority in all of its areas of activity.
- Directors who have been selected to the Board as a representative of a stakeholder group or region owe the same duties and loyalty to the organization. When their duties conflict with the wishes of the stakeholder or constituent, their primary duty remains to act in the best interests of the Authority.

5.0 CONFIDENTIAL INFORMATION

- Confidential information includes proprietary technical, business, financial, legal, or any other information which the Authority treats as confidential.
- Directors should not, either during or following the termination of an appointment, disclose such information to any outside person unless authorized.
- Similarly, Directors should never disclose or use confidential information gained by virtue of their association with the Authority for personal gain, or to benefit friends, relatives, or associates.
- Members will respect the confidentiality appropriate to issues of a sensitive nature, including the protection of personal information (being information relating to an identifiable individual).
- If in doubt as to what is considered confidential, a Director should seek guidance from the Board Chair or the CEO.
- When a Director’s term expires, a Director’s appointment is rescinded, or a Director resigns, material which is not within the public realm will be returned to the Board Secretary.

6.0 INVESTMENT ACTIVITY

Directors should not, either directly or through relatives or associates, acquire or dispose of any interest, including publicly-traded shares, in any company while having undisclosed confidential information obtained in the course of work at the Authority which could reasonably affect the value of such securities.

7.0 OUTSIDE EMPLOYMENT OR ASSOCIATION

A Director who accepts a position with any organization that could lead to a conflict of interest or situation prejudicial to the Authority’s interests, should discuss the implications of accepting such a position with the Board Chair, recognizing that acceptance of such a position might require the Director’s resignation from the Authority’s Board.

8.0 ENTERTAINMENT, GIFTS AND FAVOURS

- It is essential to fair business practices that all those who associate with the Authority, as suppliers, contractors, or Directors, have access to the Authority on equal terms.
- Directors and their immediate family members should not accept entertainment, gifts, or favours that create or appear to create a favoured position for doing business with the Authority. Any firm offering such inducement should be asked to cease.
- Similarly, no Director should offer or solicit gifts or favours in order to secure preferential treatment for themselves or the Authority.
- Under no circumstances should Directors offer or receive cash, preferred loans, securities, or secret commissions in exchange for preferential treatment. Any Director experiencing or witnessing such an offer should report the incident to the Board Chair immediately.
- Nominal gifts and entertainment should only be accepted or offered by a Director in the normal exchanges common to established business relationships for the Authority. An exchange of such gifts should create no sense of obligation on the part of the Director.
- Inappropriate gifts received by a Director should be returned to the donor.
- Directors shall make full and immediate disclosure to the Board of any entertainment or gifts.

9.0 USE OF THE ORGANIZATION’S PROPERTY



- A Director should require the Authority's written approval to use property owned by the Authority for personal purposes, or to purchase property from the Authority, unless the purchase is made through the usual channels also available to the public.
- Even then, a Director should not purchase property owned by the Authority if that Director is involved in an official capacity in some aspect of the sale or purchase.

10.0 RESPONSIBILITY

- The Authority should behave, and be perceived, as an ethical organization.
- Each Director should adhere to the minimum standards described herein and in the Authority's code of conduct, and to the standards set out in applicable policies, guidelines, or legislation.
- Integrity, honesty, and trust are essential elements of the Authority's success. Any Director who knows or suspects a breach of the Authority's code of conduct and ethics has a responsibility to report it to the Board Chair.
- To demonstrate determination and commitment, each Director should review and declare compliance with the Authority's code of conduct and ethics annually.

11.0 BREACH

A Director found to have breached his/her duty by violating the minimum standards set out in this document may be liable to censure or dismissal from the Board.

12.0 WHERE TO SEEK CLARIFICATION

- Normally, the Board Chair or the governance committee Chair should be responsible to provide guidance on any item concerning standards of ethical behavior.
- The Authority, recognizing the need for a neutral and independent resource to provide a clear interpretation of its standards of business conduct and guidelines for conflict of interest, may establish a Code of Conduct Advisor (the Advisor). Normally, the Advisor will be the Authority's legal counsel. The Advisor:
 - Reviews, updates, or establishes appropriate policy, guidelines, procedures, and processes for the Authority's code of business conduct and conflict of interest guidelines; and
 - Provides expert advice, receives disclosures, and, if appropriate, issues written opinions or directives to Directors and officers on code of conduct and conflict of interest matters that they may encounter when fulfilling their respective responsibilities.

13.0 BEST PRACTICES

The Authority, as a body charged with the administration of statutes in the public interest, believes that it is in its and the public's best interest for the Authority to adhere to the Best Practices Guidelines prepared by the Board Recruiting and Development Office of the Province of British Columbia. The Authority expects Directors to have read, understood, and to adhere to these Guidelines wherever possible.

14.0 ATTENDANCE

Directors should make every effort to attend all Board and committee meetings of the Authority:

- Failure by a Director to attend two consecutive regularly-scheduled Board meetings or committee meetings or any two such meetings in any calendar year, without providing reasonable cause to the Chair, will be deemed to be contrary to the best interests of the Authority and cause for rescinding of the Director's appointment under s. 9 of the *Business Practices and Consumer Protection Authority Act*.
- Failure by the Director to attend two consecutive regularly-scheduled Board meetings or committee meetings or any two such meetings in any calendar year, without providing reasonable cause to the Chair, will result in forfeiture by the Director of the full annual retainer or any outstanding amount up to a full annual retainer.
- Any Director subject to discipline arising from the preceding two paragraphs will be given the opportunity to be heard and will be provided with any decision of the Board in writing.

15.0 CODE OF CONDUCT

The Board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

Accordingly,

1. This accountability is paramount to any conflicting loyalty, such as that owed to any particular advocacy or interest group or membership on other boards or staff position.
2. Board members may not attempt to exercise individual authority over the organization except as explicitly set forth in Board policies.
 - a. Members' interaction with the CEO or with staff must recognize the lack of authority vested in individuals except when explicitly board-authorized.
 - b. Members' interactions with public, press, or other entities must recognize the same limitation and the inability of any Board



member to speak for the Board except to repeat explicitly stated Board decisions.

3. Any allegations against a Director must be provided in writing to the Chair or Vice-Chair of the Board.
4. A Director who is alleged to have violated the Code of Conduct shall be informed in writing and shall be allowed to present his or her views with respect to the alleged breach at a private Board meeting. The complaining party must be identified. If the complaining party is a Director, he or she and the respondent Director shall absent themselves from any discussion and decision of censure or other action that may be brought by the Board. Board members who are found to have violated the Code of Conduct may be subject to sanctions as outlined below.
5. A finding by the Board that a Director has violated the Code of Conduct may result in the Board instituting the following sanctions:
 - a. The Board Chair may write a letter of censure marked “Personal and Confidential” to the Director in question. This occurs only after a motion of censure has been tabled by another Director and passed by a majority of Board Members present at a private meeting of the Board.
 - b. For a second or subsequent occurrence, in addition to passing a motion of censure tabled against the Director in question, a motion to remove the Director from the Board may also be tabled. In accordance with subsection 9(2) of the *Business Practices and Consumer Protection Authority Act*, the appointment of a Director appointed under subsection 6(1)(b) may be rescinded only by a resolution of more than two thirds of all the Directors, stating that they consider the Director to have failed to adhere to the standard of conduct required under subsection 9(1).

[1] “related” person includes a spouse, child, parent, grandparent, aunt, uncle, cousin, or sibling of a Director.

[2] “perceived” conflict of interest means any situation where it would appear to a reasonable person that the Director is in a conflict of interest situation.

PART FOUR: LAW

The provisions of the *Business Practices and Consumer Protection Authority Act* provide, in part, as follows:

Standard of conduct of director or officer

9 (1) A director or an officer of the authority, when exercising the powers and performing the duties and functions of a director or an officer of the authority, must do all of the following:

- (a) act honestly and in good faith;
- (b) act with a view to the best interests of the authority;
- (c) exercise the care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances;
- (d) act in accordance with this Act and the *Business Practices and Consumer Protection Act*;
- (e) act in accordance with any other Act, the administration of which is delegated to the authority;
- (f) subject to paragraphs (a) to (e), act in accordance with any provisions of the *Business Corporations Act* that apply to the authority.

(2) The appointment of a director appointed under section 6 (1) (b) may be rescinded only by a resolution of more than 2/3 of all the directors, stating that they consider the director to have failed to adhere to a standard of conduct under subsection (1).

(3) This section is in addition to, and not in derogation of, any enactment or rule of law or equity relating to the duties or liabilities of directors and officers of a corporation.

(4) No provision in a contract relieves a director from

- (a) the duty to act in accordance with this Act, the *Business Practices and Consumer Protection Act* and the regulations under them or any applicable provision of the *Business Corporations Act*,
- (b) the duty to act in accordance with any Act, the administration of which is delegated to the authority, or
- (c) liability that by virtue of any enactment or rule of law or equity would otherwise attach to that director in respect of any negligence, default, breach of duty or breach of trust of which the director may be guilty in relation to the authority.

Part 4 -- Conflict of Interest

Disclosable interests

15 (1) For the purposes of this Part, a director, the chief executive officer or a senior officer holds a disclosable interest in a contract or transaction if

- (a) the contract or transaction is material to the authority,
- (b) the authority has entered, or proposes to enter, into the contract or transaction, and
- (c) either of the following applies to the director, chief executive officer or senior officer:
 - (i) the director, chief executive officer or senior officer has a material interest in the contract or transaction;
 - (ii) the director, chief executive officer or senior officer is a director or senior officer of, or has a material interest in, a person who has a material interest in the contract or transaction.

(2) For the purposes of subsection (1) and this Part, the director, the chief executive officer or a senior officer does not hold a disclosable interest in a contract or transaction merely because

- (a) the contract or transaction relates to the remuneration of the director, chief executive officer or senior officer in that person's capacity as director, officer, employee or agent of the authority or of an affiliate of the authority, or
- (b) the contract or transaction has been or will be made with or for the benefit of a corporation that is affiliated with the authority and the director, chief executive officer or senior officer is also a director or senior officer of that corporation or an affiliate of that corporation.



(3) A director who has a disclosable interest in a contract or transaction is not entitled to vote on any director's resolution to approve that contract or transaction.

Obligation to account for profits

16 (1) Subject to subsection (2), a director, the chief executive officer or a senior officer is liable to account to the authority for any profit that accrues to that individual under or as a result of a contract or transaction in which that individual has a disclosable interest.

(2) A director, the chief executive officer or a senior officer is not liable to account for and may retain the profit referred to in subsection (1) in any of the following circumstances:

- (a) before the contract or transaction is entered into and after the nature and extent of the conflict of interest is disclosed to the board, the contract or transaction is approved by the board;
- (b) the contract or transaction was reasonable and fair to the authority at the time it was entered into and, after full disclosure of the nature and extent of the conflict of interest, the contract or transaction is approved by the board.

Powers of court

17 (1) In this section, "court" means the Supreme Court.

(2) On an application by the authority or by a director, the chief executive officer or a senior officer, the court may, if it determines that a contract or transaction in which a director, the chief executive officer or a senior officer has a disclosable interest was fair and reasonable to the authority,

- (a) order that the director, the chief executive officer or a senior officer is not liable to account for any profit that accrues to the director, chief executive officer or senior officer under or as a result of the contract or transaction, and
- (b) make any other order that the court considers appropriate.

(3) Unless a contract or transaction in which a director, the chief executive officer or a senior officer has a disclosable interest has been approved in accordance with section 16 (2), the court may, on an application by the authority or by a director, the chief executive officer or a senior officer, make one or more of the following orders if the court determines that the contract or transaction was not fair and reasonable to the authority:

- (a) enjoin the authority from entering into the proposed contract or transaction;
- (b) order that the director, chief executive officer or senior officer is liable to account for any profit that accrues to the director, chief executive officer or senior officer under or as a result of the contract or transaction;
- (c) make any other order that the court considers appropriate.

Validity of contracts and transactions

18 A contract or transaction with the authority is not invalid merely because

- (a) a director of the authority, the chief executive officer or a senior officer has an interest, direct or indirect, in the contract or transaction,
- (b) a director of the authority, the chief executive officer or a senior officer has not disclosed an interest he or she has in the contract or transaction, or
- (c) the directors have not approved the contract or transaction in which a director of the authority, the chief executive officer or a senior officer has an interest.

Limitation of obligations of director, chief executive officer or senior officer

19 Except as provided in this Part, a director, the chief executive officer or a senior officer has no obligation to

- (a) disclose any direct or indirect interest that the director, chief executive officer or senior officer has in a contract or transaction, or
- (b) account for any profit that accrues to the director, chief executive officer or senior officer under or as a result of a contract or transaction in which the director, chief executive officer or senior officer has a disclosable interest.

Disclosure of conflict of office or property

20 (1) If a director, the chief executive officer or a senior officer holds any office, or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as director, chief executive officer or senior officer of the authority, the individual must disclose, in accordance with this section, the nature and extent of the conflict.

(2) The disclosure required under subsection (1)

- (a) must be made to the Directors and Officers promptly
 - (i) after that individual becomes a director, the chief executive officer or a senior officer, or
 - (ii) if that individual is already a director, the chief executive officer or a senior officer, after that individual begins to hold the office or possess the property, right or interest for which disclosure is required, and
- (b) must be evidenced in a consent resolution, the minutes of a meeting or any other record deposited in the authority's records.



Appendix D - Terms of Reference for the Finance & Audit Committee

1.0 PURPOSE

As stated in section 9.0 of the Board Governance Manual, the Board may establish further committees of the Board to assist the Board in discharging its responsibilities.

The Finance & Audit Committee (FAC) assists the Board in discharging its responsibilities for financial stewardship of the *Business Practices and Consumer Protection Act (BPCPA)* and related Trust Funds such as Travel Assurance Fund, Consumer Advancement Fund and Recoveries Fund, including the review of the audited financial statements, the relationships with the external auditors, the external audit, and oversight of the internal controls and financial risk.

2.0 COMPOSITION

Unless the FAC is comprised of all Board members (operating as a committee of the whole), the FAC shall be composed of no fewer than 2 and no more than 4 directors.

The Board appoints the chair and members of the FAC for a one year term; however, the Chair and members may serve consecutive terms.

The FAC shall operate in a manner that is consistent with the committee principles outlined in the Board Governance Manual.

FAC members shall be “financial literate” and at least one member shall have “accounting or related financial expertise”.

3.0 RESPONSIBILITIES

3.1 External Audit

The external auditor is accountable to the Board and the FAC. The FAC will liaise with the external auditor and advise the Board in respect of the appointment, independence, planning, conduct and results of external audit activities. The FAC will:

- a) Review the appointment and independence of the external auditor, including:
 - a) Assess performance and recommend to the Board, for approval, the engagement of or reappointment of the external auditor;
 - b) Receive assurances on the independence of the external auditor; and,
 - c) Approve all non-audit services to be provided by the auditors which exceed 20% of the audit fee.
- b) Review the plans and conduct of the annual external audit, including but not limited to:
 - a) The audit plan; engagement letter; procedures to review internal controls and management estimates; materiality limit; areas of financial risk identified by the auditor; staffing; timetable; proposed fees; and,
 - b) Any difficulties encountered, or restriction imposed by management, during the audit;
- c) Review the external audit results, reporting and the financial statements, including:
 - a) By discussion with the external auditor, the annual financial statements and the external auditor’s report including the appropriateness of accounting policies and underlying estimates;
 - b) Any significant accounting or financial reporting issue;
 - c) The evaluation of the system of internal controls, procedures and documentation;
 - d) The post audit or management letter containing any findings or recommendations, including management’s response thereto and the subsequent follow-up to any significant identified internal control weaknesses;



- e) Any other matters the external auditor brings to the FAC's attention; and,
 - f) Review external auditor's reports on all material affiliates in which the Authority has an economic interest.
- d) Invite the external auditor to attend meetings of the FAC and to be heard at those meetings on matters relating to the external auditor's duties:
- a) At the request of the FAC Chair or any two FAC members;
 - b) At the request of the external auditor; and,
 - c) Periodically, and at least annually, without management present.

3.2 Audited Financial Statements

The FAC will review and advise the Board on:

- 1) The annual audited financial statements;
- 2) The appropriateness of accounting policies and financial reporting practices;
- 3) Significant proposed changes in financial reporting and accounting policies and practices;
- 4) New or pending relevant developments in accounting and reporting standards; and,
- 5) Significant estimates made in the audited financial statements.

3.3 Internal Controls and Financial Risk

- 1) The FAC will review with management and the external auditors, and advise the Board:
 - a) As to the integrity of the system of internal control in ensuring that transactions are completely and properly recorded, and that financial and performance reports drawn from them are complete and accurate;
 - b) Whether principal financial and operational risks have been identified and managed in a risk management plan;
 - c) Whether the industry financial models are fair and reasonably equitable in the long run, as necessary and in accordance with the fee schedule review;
 - d) On the financial impact of any litigation on financial reporting;
 - e) Whether the Investment policy is satisfactory;
 - f) Whether the Investment performance review is satisfactory;
 - g) If there is cause for concern from a review of the CEO's expenditure reviews, as completed by the Chair; and,
 - h) Whether the business continuity plan is satisfactory.
- 2) The FAC will monitor the following executive limitations:
 - a) Financial Condition and Activities;
 - b) Asset Protection; and,
 - c) Budgeting.

4.0 EXECUTIVE LIMITATIONS

4.1 Financial Condition and Activities

With respect to the actual, ongoing financial condition and activities, the CEO shall not cause or allow the development of fiscal jeopardy or a material deviation of actual expenditures from board priorities established in Ends policies.

Accordingly, the CEO shall not:

- 1) Incur or expend more funds than are available in the fiscal year without prior approval;
- 2) Fail to transfer appropriate amounts to trust funds promptly;
- 3) Fail to settle payroll and debts in a timely manner;
- 4) Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed;



- 5) Make a single purchase or commitment greater than the amount, or longer than the duration approved by the Board in the Administrative Approval Authority Matrix;
- 6) Acquire, encumber, or dispose of real property;
- 7) Fail to aggressively pursue receivables after a reasonable grace period;
- 8) Set up processes to safe guard assets held in trust;
- 9) Fail to develop a prudent statement of investment policy for trust and compensation funds and comply with such policy to achieve a reasonable rate of return; and
- 10) Fail to prudently invest surplus cash.

4.2 Asset Protection

The CEO shall not allow the assets to be unprotected, inadequately maintained, or unnecessarily risked.

Accordingly, the CEO shall not:

- 1) Fail to adequately insure against theft and casualty losses to at least 80% of replacement value and against liability losses to board members, staff, and the organization itself in an amount greater than the average for comparable organizations;
- 2) Allow unbonded personnel access to material amounts of funds;
- 3) Unnecessarily expose the organization, its board, or staff to claims of liability;
- 4) Fail to follow government procurement policies;
- 5) Fail to protect intellectual property, information, and files from loss or significant damage or records management requirements as outlined in the administrative agreement;
- 6) Fail to adequately deal with any recommendations received from the auditors;
- 7) Endanger the organization's public image or credibility, particularly in ways that would hinder its accomplishment of its priorities or policies; and
- 8) Fail to develop and maintain a business continuity plan.

4.3 Budgeting

Financial planning for any fiscal year or the remaining part of any fiscal year shall not deviate materially from the board's approved priorities, risk fiscal jeopardy, or fail to be derived from a multiyear plan.

Accordingly, the CEO shall not allow budgeting that:

- 1) Contains too little information to enable credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions;
- 2) Plans the expenditure in any fiscal year of more funds than are conservatively projected to be available in that period without prior approval;
- 3) Creates inadequate working capital to meet liabilities as they come due;
- 4) Provides less for board prerogatives during the year than is set forth in the Cost of Governance policy;
- 5) Allows for unreasonable and inequitable industry cross subsidization in the long run;
- 6) Ignores business risks; and
- 7) Avoids appropriate fiscal management for trust funds.

5.0 GENERAL

The FAC shall meet at least twice a year. However further meetings may be called by the Chair as required.

Recommendations will be made by the committee either informally by consensus or formally by a majority vote. The Board has final approval of all recommendations

The committee, in carrying out its tasks under these terms of reference, may obtain such outside or other independent professional advice as it considers necessary to carry out its duties.



The FAC Chair will annually report to the Board on its fulfillment of its duties verbally which will be minuted.

The Board Secretary, or such other committee member as designated by the Chair, will take minutes of meetings.

The Chair is responsible for providing periodic reports to the Board.

6.0 AMENDMENTS

The Terms of Reference may be amended by the Board as required and in accordance with the policy set in the Board Governance Manual.

7.0 TIMETABLE

The following timetable outlines the FAC's schedule of activities:

Activity	Schedule			
	Q1	Q2	Q3	Q4
External Audit				
1) Review appointment and independence of the external auditor, and report on non-audit services to the Board	✓			
2) Review the plan and conduct of the external audit				✓
3) Review the external audit results, reporting and annual financial statements	✓			
4) As appropriate, invite the auditor to attend meetings	✓			✓
Audited Financial Statements				
1) Review annual audited financial statements	✓			
2) Review appropriateness of accounting policies and financial reporting practices	✓			
3) Review and advise on significant proposed changes in financial reporting, accounting policies, practices	✓			
4) Review and advise on new or pending relevant developments in accounting and reporting standards	✓			
5) Review and advise on significant estimates made in the financial statements	✓			
Internal Controls and Financial Risk				
1) Review integrity of the system of internal controls. a. Administrative Approval Authority Matrix b. Fraud and Error Questionnaire c. Internal Control Narrative				✓
2) Review risk management report format and appropriateness of content			✓	
3) Industry Financial Model a. Industry costing and fee recommendations, as necessary				
4) Review the impact of any litigation on financial reporting				✓
5) Review if Investment Policy is satisfactory		✓		
6) Review if investment performance review is satisfactory		✓		
7) Report any concerns regarding Chair's review of CEO expenditures	✓	✓	✓	✓



8) Review Business Continuity Plan		✓		
Other				
1) Report annually to the Board on committee activities				✓
2) Provide oral reports to the Board	✓	✓	✓	✓
3) Review Executive Limitations				✓



Appendix E - Terms of Reference for the Governance & Nominating Committee

1.0 PURPOSE

As required by s. 7 (1) of the Business Practices and Consumer Protection Authority Act (BPCPA Act), the Board must appoint a nominating committee from among its members. Further, as stated in section 9.0 of the Board Governance Manual, the Board may establish further committees of the Board to assist the Board in discharging its responsibilities.

The Governance & Nominating Committee (GNC) assists the Board in discharging its responsibilities for Board recruitment, Board evaluation, and Board Governance. This includes the monitoring of executive limitations as assigned by the Board.

2.0 COMPOSITION

Unless the GNC is comprised of all Board members (operating as a committee of the whole), the GNC shall be composed of no fewer than two and no more than four directors.

The Board appoints the Chair and members of the GNC for a one year term; however, the Chair and members may serve consecutive terms.

The GNC shall operate in a manner that is consistent with the committee principles outlined in the Board Governance Manual.

3.0 RESPONSIBILITIES

3.1 Board Recruitment

The GNC will:

- 1) Review annually the profile of Board skills to ensure that it reflects the current needs of the board consistent with the achievement of the Authority's Business Plan, and make recommendations to the Board, where appropriate, to update the Board knowledge, skills, abilities and competencies as stated in section 4.3 of the Board Governance Manual.
- 2) Review annually the Board members' knowledge, skills and experience and identify any gaps that may exist in the collective board skills as identified in the Board Skills Matrix
- 3) Make recommendations to the Board whether to embark upon recruiting new members to the Board of Directors.
 - a. Where a decision is made to recruit new members to the Board, develop an action plan to identify potential candidates to fill vacancies
 - b. Review potential candidates based on the principle of merit and in accordance with an objective process designed to appraise the knowledge, skills and abilities of the applicants;
 - c. Prepare a list of qualified nominees to fill vacancies on the Board, making a reasonable attempt to submit to the Board at least one more nominee than the number required to fill the vacancies on the Board [(s. 7(2)(b)) of the BPCPA Act.]; and,
 - d. Ensure an orientation program is available for new directors.

The GNC is not responsible for the appointment by the Minister of one director to the Board.

3.2 Board, Director & Committee Evaluations

The GNC will conduct annual Board, Director and committee evaluations as set out in Article 10 of the Board Governance Manual.

The GNC will:

- 1) Establish an evaluation process for the Board, individual Directors and Board committees.
- 2) Conduct annual Board, Director and committee evaluations.



- 3) Provide Board and committee recommendations by way of a report to the Board.
- 4) Retain an independent resource to receive Director evaluation surveys and to provide a report to the Board and other reports, as required.

3.3 Board Governance

The GNC will:

- 1) Review annually the Board Governance Manual, Executive Limitations, and other governance related materials and propose recommendations for change to the Board.
- 2) Review committee TOR's, Chair of the Board and Board Secretary responsibilities.
- 3) Monitor compliance with the Calendar of Commitments created from the Governance Manual to determine if stated actions and time frames are being followed.
- 4) Recommend an annual Board agenda based on the Calendar of Commitments to be incorporated into the agendas of the regularly scheduled Board meetings.
- 5) Monitor executive limitations as assigned by the Board. At this time none have been assigned.
- 6) Ensure that the declaration form is signed annually by Board members.

4.0 GENERAL

The GNC shall meet at least twice a year. However further meetings may be called by the Chair as required.

Recommendations will be made by the GNC either informally by consensus or formally by a majority vote. The Board has final approval of all recommendations.

The GNC, in carrying out its tasks under these terms of reference, may obtain such outside or other independent professional advice as it considers necessary to carry out its duties.

The GNC Chair will annually report to the Board on its fulfillment of its duties verbally which will be minuted.

The Board Secretary, or such other GNC member as designated by the Chair, will take minutes of meetings.

The Chair is responsible for providing periodic reports to the Board.

5.0 AMENDMENTS

The Terms of Reference may be amended by the Board as required and in accordance with policy set in the Board Governance Manual.

6.0 TIMETABLE

The following timetable outlines the GNC's schedule of activities:

Activity	Schedule			
	Q1	Q2	Q3	Q4
Board Recruitment				
1) Review Board skills matrix			✓	
2) Determine need for recruitment			✓	
Board, Director & Committee Evaluations				
1) Review Board, Director and Committee evaluation processes			✓	
2) Commence annual evaluations				✓
3) Provide recommendations to the Board	✓			



Board Governance				
1) Review Board Governance Manual, Executive Limitations and other governance related materials	✓			
2) Review Terms of Reference for Committees, Chair of the Board, and Board Secretary			✓	
3) Review and update calendar of commitments			✓	
4) Establish board agendas for the upcoming year				✓
5) Monitor executive limitations as assigned by the Board				✓
6) Ensure declaration form is signed annually by Board directors	✓			
General				
1) Report annually to the Board on committee activities				✓
2) Provide oral reports to the Board	✓		✓	✓



Appendix F – Recruitment Provisions

Business Practices and Consumer Protection Authority Act

Nominating process

- 7**
- (1) The board must appoint a nominating committee from among its members.
 - (2) The nominating committee must
 - (a) prepare a list of qualified nominees to fill vacancies on the board, and
 - (b) from that list make a reasonable attempt to submit to the board at least one more nominees than the number required to fill the vacancies on the board.
 - (3) In preparing the list of nominees, the nominating committee must base its selection on the principle of merit and must use a process designed to appraise the knowledge, skills and abilities of the nominees.
 - (4) The board may take appointments from only the list of nominations submitted to the board by the nominating committee.
- 8**
- (1) A person must not become a director or act as a director of the authority unless that person is an individual who is qualified to do so.
 - (2) An individual is not qualified to become a director or to act as a director of the authority if that individual is
 - (a) under the age of 18 years,
 - (b) found by a court, in Canada or elsewhere, to be incapable of managing the individual's own affairs,
 - (c) an undischarged bankrupt, or
 - (d) convicted inside or outside of British Columbia of an offence in connection with the promotion, formation or management of a corporation or an unincorporated business, or of an offence involving fraud, unless
 - (i) the court orders otherwise,
 - (ii) 5 years have elapsed since the last to occur of
 - (A) the expiration of the period set for suspension of the passing of sentence without a sentence having been passed,
 - (B) the imposition of a fine,
 - (C) the conclusion of the term of any imprisonment, and
 - (D) the conclusion of the term of any probation imposed, or
 - (iii) a pardon was granted or issued under the *Criminal Records Act* (Canada).
 - (3) A director who ceases to be qualified to act as a director of the authority must promptly resign.



Appendix G - Terms of Reference for the Human Resources & Compensation Committee

1.0 PURPOSE

As stated in section 9.0 of the Board Governance Manual, the Board may establish further committees of the Board to assist the Board in discharging its responsibilities.

The Human Resources & Compensation Committee (HRCC) assists the Board in discharging its responsibilities for Board compensation and monitoring the Authority's Human Resources Policies including CEO evaluation and CEO and Excluded Employee compensation. The HRCC will also ensure the CEO has a succession plan and, when required, it is the responsibility of the Board to decide upon a successor and agree on the CEO recruitment process.

2.0 COMPOSITION

Unless the HRCC is comprised of all Board members (operating as a committee of the whole), the committee shall be composed of no fewer than two and no more than four Directors.

The Board appoints the chair and members of the HRCC for a one year term; however, chair and members may serve consecutive terms.

The HRCC shall operate in a manner that is consistent with the committee principles outlined in the Board Governance Manual.

3.0 RESPONSIBILITIES

3.1 Compensation

The HRCC will, annually, review Board, CEO and Excluded staff compensation models to ensure they continue to be competitive, transparent, accountable and affordable. These models will assist in motivating, retaining and attracting candidates of outstanding abilities.

The HRCC will:

- 1) Retain, as required, an independent consultant to review Board and CEO compensation on an as required basis; and,
- 2) Recommend changes to Board and CEO compensation to the Board for approval.

3.2 CEO Evaluation, Succession Planning & Recruitment

The HRCC will assist the Board in recruiting, retaining, and attracting the best possible candidate for the CEO position to ensure strong leadership and effective transitions.

The HRCC will:

- 1) Review the CEO succession plan and corporate management development plan for compliance with Board policies and receive regular monitoring reports from the CEO;
- 2) Coordinate CEO recruitment on behalf of the Board and recommend to the Board whether to use an independent recruitment firm to assist with the process;
- 3) Establish and recommend a CEO evaluation process including specific performance measurements and evaluation criteria;
- 4) Retain, as required, an independent consultant to assist the Board to conduct the annual CEO evaluation;
- 5) Recommend to the Board the CEO evaluation; and,
- 6) Chair of HRCC and Chair of the Board review the Board's evaluation with the CEO.

3.3 Monitoring of Human Resource Management

The HRCC will:



- 1) Monitor human resource policies to ensure compliance with specific executive limitations, including but not limited to:
 - a) Human Resources Handbook, or other broad HR policies
 - b) The Excluded Employee Compensation Model, which shall include salary bands, and incentive pay and performance review philosophy for excluded employees
 - c) Employee Engagement Survey
- 2) Monitor the following Human Resource Management executive limitations:
 - a) Treatment of Staff
 - b) Compensation and Benefits
 - c) Succession planning and management developmentWhere appropriate, determining other actions necessary to ensure executive limitations are being met and advising the Board of any non-compliance along with appropriate recommendations to address items not in compliance.
- 3) Retain, as required, an independent consultant to assist the committee.

4.0 EXECUTIVE LIMITATIONS

4.1 Treatment of Staff

With respect to the treatment of paid and volunteer staff, the CEO may not cause or allow conditions that are unfair or undignified and shall not allow circumstances of harassment in the workplace.

Accordingly, the CEO shall not:

- 1) Operate without written personnel policies that clarify personnel rules for staff and protect against wrongful conditions such as nepotism and preferential treatment for personal reasons.
- 2) Discipline or retaliate against any staff member for bringing forward in good faith allegations of wrongdoing.
- 3) Prevent staff from grieving to the Board where the matter is one that involves the CEO, and has not been reasonably resolved after (a) internal grievance procedures have been exhausted; and (b) the employee alleges that: Board policy has been violated to his or her detriment or Board policy does not adequately protect his or her human rights.
- 4) Fail to acquaint staff with their rights under this policy.

4.2 Compensation & Benefits

With respect to employment, compensation and benefits to employees, consultants, contract workers, and volunteers, the CEO shall not cause or allow jeopardy to fiscal integrity or public image.

Accordingly, the CEO shall not:

- 1) Change his or her own compensation and benefits.
- 2) Be in non-compliance with any collective agreement.
- 3) Establish current compensation and benefits that deviate materially from the geographic or professional market for the skills employed by management exclusions.
- 4) Deviate from the pension benefit arrangements with the Pension Corporation of BC.

4.3 Succession Planning and Management Development

In order to protect the Board from sudden loss of Senior Management services, the CEO may have no fewer than two other executives familiar with Board and CEO issues and processes. The CEO may have no fewer than one other management staff familiar with Vice President and Executive Director roles.

The CEO shall not fail to have in place a corporate management development plan, detailing an existing human resource assessment, a management needs assessment, development plans for key individuals and related supportive management processes.



5.0 GENERAL

The HRCC shall meet at least twice a year. However further meetings may be called by the Chair as required.

Recommendations will be made by the HRCC either informally by consensus or formally by a majority vote. The Board has final approval of all recommendations.

The HRCC, in carrying out its tasks under these terms of reference, may obtain such outside or other independent professional advice as it considers necessary to carry out its duties.

The HRCC Chair will annually report to the Board on its fulfillment of its duties verbally which will be minuted.

The Board Secretary, or such other committee member as designated by the Chair, will take minutes of meetings.

The Chair is responsible for providing periodic reports to the Board.

6.0 AMENDMENTS

The Terms of Reference may be amended by the Board as required and in accordance with policy set in the Board Governance Manual.

7.0 TIMETABLE

The following timetable outlines the Human Resource & Compensation Committee's schedule of activities:

Activity	Schedule			
	Q1	Q2	Q3	Q4
Board and CEO Compensation				
5) Review Board and CEO Compensation Plans	✓			
6) Determine if an independent consultant to review plan is required; Retain consultant where appropriate				✓
7) Receive consultant's report, develop recommendations and provide to the Board	✓			
CEO Evaluation, Succession Planning and Recruitment				
6) Review CEO succession plans and receive regular monitoring reports			✓	
7) Coordinate CEO recruitment and retain independent recruitment firm, if required				
8) Establish and recommend a CEO evaluation process for the following year; Retain independent consultant to assist if required				✓
9) Recommend previous year completed CEO evaluation to Board; Recommend current year CEO goals to Board	✓			
10) Chair of Board and Chair of HRCC reviews completed evaluation with CEO	✓			
Monitoring Human Resource Policies				
9) Monitor the executive limitations				✓
10) Obtain and review monitoring reports and HR policies			✓	



11) Advise the Board of any non-compliance and provide to the Board any appropriate recommendations, as required				✓
12) Retain independent consultant, if required, to assist with review				
Other				
4) Chair reports annually to Board on its fulfillment of its duties				✓
5) Provide oral reports to the Board	✓		✓	✓
6) Review HRCC Terms of Reference annually			✓	



Appendix H - Terms of Reference for the Board Secretary

The Board Secretary's responsibilities include:

- Organizing and recording the activities of Board and Committee meetings
 - Exceptions:
 - Taking minutes during in-camera meetings
 - Taking minutes during Human Resources & Compensation Committee meetings, when requested not to
- Keeping and maintaining all of the Authority's corporate and historical records;
- Coordinating publication of governance-related information;
- Reviewing and keeping up-to-date on developments in corporate governance and promoting strong corporate governance practices throughout the Authority;
- Advising and assisting the Directors with respect to their duties and responsibilities;
- Facilitating the orientation and ongoing education of Directors (with advice from the Governance & Nominating Committee);
- Acting as a channel of communication and information for Directors;
- Administering the Conflict of Interest Policy, Law and Declaration form; and
- Advising the Chair on any matters where conflict, potential or real, might occur between the Board and the CEO.



Appendix I - Investment Policy of the Board of Directors

Purpose

The purpose of this policy is to guide the Authority's Board of Directors and the outsourced investment portfolio manager in effectively and prudently managing, monitoring and evaluating the Authority's investment portfolio. The investment portfolio includes the operational investment fund (OIF) and the travel assurance investment fund (TAIF).

Division of Responsibilities

Board of Directors

The Board of Directors is ultimately responsible for the investment portfolio, but has determined that the portfolio is more likely to achieve return objectives if oversight and management are delegated to the President and CEO.

President and CEO

The President and CEO, or their designate, is charged by the Board of Directors with the responsibility to:

- Formulate the overall investment strategy, guidelines and performance objectives, subject to approval of the Board of Directors
- Oversee the investment assets
- Monitor the management of the portfolio for compliance with investment guidelines and performance objectives
- Provide annual reporting on the implementation of this investment policy
- Select the investment portfolio manager and subsequently oversee the relationship with the investment manager whose authority is defined in a duly authorized investment management agreement
- Notify the Board of Directors when the individual investment manager changes or a new investment management firm is selected to manage the investment portfolio

Investment Portfolio Manager

The investment portfolio manager shall:

- Provide to the President and CEO for approval, an annual investment management agreement which adequately reflects the investment guidelines and performance objectives
- Implement the investment management agreement, once approved
- Provide monthly reports, which at minimum shall provide the:
 - Portfolio holdings and their cost vs. current market value
 - Transactions completed during that month
 - Corrective action taken to address any market value decline in excess of the risk considerations of this policy
- Provide quarterly reports, which at minimum shall provide the:
 - Statement of compliance with investment guidelines
 - Quarterly and past 12- month rate of return on the portfolio
 - Income and annualized asset allocation
- Attend quarterly meetings with the President and CEO to review the investment portfolio
- Attend, from time-to-time, meetings of the Board of Directors to review the investment portfolio

Risk Considerations

Investing funds creates the risk that market volatility shall result in a negative real rate of return. The investment portfolio shall be deployed in a manner that support the low risk appetite of the Board of Directors

Prudent Person Standard

The action of those responsible for the implementation of this policy shall apply the standard of a prudent person. Actions shall be made with the judgment and care under prevailing circumstances which persons of prudence, discretion, and intelligence would exercise in the management of their own affairs, not for speculation, but for investing considering the probable safety of their capital as well as the probable income to be derived.



Investment Guidelines

Return Objectives

Related to the TAIF, the return objective is to preserve the real value of the fund. Based on this objective the current annual real rate of return target is set at 1.5%.

Related to the OIF, the return objective is to prudently grow the real value of the fund. Based on this objective the current annual real rate of return target is set at 3.0%.

Corrective Action

Related to the TAIF, market volatility resulting in a decline of market value of 2.5% over the period of one month, or 2.5% accumulated over a three month period, would necessitate objective review by the Board and Investment Portfolio Manager.

Related to the OIF, market volatility resulting in a decline in market value of 5.0% over the period of one month, or 5% accumulated over a three month period, would necessitate objective review by the Board and Investment Portfolio Manager.

Liquidity

For the TAIF, 15% of the fund should be held in cash or cash equivalents as the long-term target.

For the OIF, 5% of the fund should be held in cash or cash equivalents as the long-term target.

Asset Allocation

For the TAIF the asset allocation shall fall within the following parameters:

Asset Class	Minimum	Long-Term Target	Maximum
Cash and Equivalents	0%	15%	30%
Fixed Income	50%	70%	90%
Equity	0%	15%	25%

For the OIF the asset allocation shall fall within the following parameters:

Asset Class	Minimum	Long-Term Target	Maximum
Cash and Equivalents	0%	5%	25%
Fixed Income	30%	50%	70%
Equity	30%	45%	65%
Foreign Securities (US and Int'l)	0%	20%	30%

Management Instructions

The investment portfolio is to be deployed with the following instructions:

- the TAIF and OIF holding shall be diversified across multiple sectors
- the TAIF and OIF holding may include iShares provided those holdings adhere to this policy
- the majority of TAIF and OIF fixed income holdings shall be investment grade securities at the time of purchase
- the maximum amount allowable per investment-grade, non-government, fixed income TAIF and OIF security shall be the greater of 10% of the relevant portfolio or 15% of the relevant fixed income portfolio
- the majority of the TAIF and OIF equity holdings shall be mid-to-large companies as measured by market capitalization
- The maximum amount allowable per equity TAIF and OIF security shall be the greater of 10% of the relevant portfolio or 15% of the relevant equity portfolio



Socially Responsible Investing

The authority is committed to socially responsible investing, therefore the investment portfolio shall be deployed so that no holdings shall have a Sustainalytics Score of 10% or more lower than its comparable average, without the express permission of the Authority.

Investment Restrictions

The investment portfolio is to be deployed with the following restrictions:

- no TAIF holdings shall be foreign (US or International) securities
- no TAIF or OIF equity holdings shall be securities of a company that has a market capitalization value of less than \$500 million for Canadian companies or \$1.0 billion for foreign (US or International) companies
- no TAIF or OIF holdings shall be securities of a company which is licensed by Consumer Protection BC
- no TAIF or OIF holdings shall be securities of a company which derives the majority of its revenue from the sale of alcohol, tobacco and/or firearms

Conflict of Interest

The Board of Directors, the President and CEO (or their designate), and the investment portfolio manager shall take reasonable measures to identify an actual or potential conflicts of interest with respect to the management of the investment portfolio. All identified conflicts shall be disclosed and resolved as per the Conflict of Interest Policy Form and Board Governance Manual of the Board of Directors.

Reporting

See Divisions of Responsibilities above for all reporting requirements.

Adoption and Amendments

The Investment Policy shall be adopted by motion of the Board of Directors. The investment policy shall be reviewed annually and revised as appropriate. Any amendments to this policy shall be made by motion of the Board of Directors.