

# Board Governance Manual

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## 1.0 The Business Practices and Consumer Protection Authority

The Business Practices and Consumer Protection Authority (doing business as Consumer Protection BC) is a not-for-profit organization which operates at arm's length from government. On July 4, 2004, the Authority was provided responsibility to administer British Columbia's consumer protection legislation<sup>1</sup> on the behalf of the BC Government, including the *Business Practices and Consumer Protection Act* (BPCPA), the *Cremation, Interment and Funeral Services Act* (CIFSA) and regulations. Since then, the Authority has assumed responsibility for all functions under the *Motion Picture Act* (July 1, 2007) and the *Ticket Sales Act* (July 1, 2021) and associated 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 (the term of which extends to February 28, 2050). As stated in section 8.04 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;
- Where licensing is required under the Legislation, enhance consumer confidence by licensing businesses and establishing qualifications and standards of conduct;
- Promote consumer awareness through public education;

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<sup>1</sup> Legislation is defined as law (or a set of laws) that has been passed by the Legislature, received Royal Assent and is in force.

- Recommend to the Minister legislative or regulatory change regarding 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 Authority relating to the administration of the Legislation;
- Report to the Minister on any matters relating to the Authority's exercise of powers, functions and duties under 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 meet or exceed the standards exercised by similar regulatory bodies.

Section 8.06 of the Administrative Agreement outlines the annual assessment criteria for the administration of the *Motion Picture Act* (MPA) that the Authority will evaluate on an annual basis, including:

- Its response time in undertaking the powers, duties and functions of a director under the MPA;
- The percentage of licensees under the MPA that are in compliance with the MPA;
- Public satisfaction in public information provided by the Authority;
- Fees charged to perform the powers, duties or functions of a director required under the MPA compared with costs of delivering the same powers, duties or functions;
- Frequency of fee increases; and
- Administration costs in comparison to program costs.

## 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 an Administrative Agreement to outline the government's objectives for the Authority;
- The Board is responsible for setting the 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 subject to the provisions of the *Ombudsperson Act* and the *Freedom of Information and Protection of Privacy Act*.

The roles and responsibilities of the Authority have been clearly defined in the legislation, the Administrative Agreement 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 from the Authority on request. The Minister may, when deemed appropriate and at any time, undertake subsequent reviews.

The Authority has systems in place to ensure a high level of disclosure and transparency. At a minimum, the Authority will meet the following reporting requirements, as required under the Administrative Agreement (Article 9):

- 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, brochures and full enforcement decisions. The *Business Practices and Consumer Protection Authority Act* requires the appointment of members to the Board to be based on the principle of merit and with a selection process designed to appraise the knowledge, skills and abilities of the nominees.

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 Board processes and procedures. Biographies of 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, the 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 section 12(1) 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 individual Directors 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 and 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, and approving the business plan and identified performance measures (outcomes);
- Monitoring organizational performance;
- Ensuring a culture of integrity, accountability, impact, trust and excellence;
- Approving public reports;
- Ensuring the overall financial stewardship and protection of the Authority’s assets;
- Reviewing financial internal controls and management information risks;
- Ensuring a prudent risk appetite;
- Receiving and reviewing the risk register on a regular basis;

- 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, under section 21, that "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." 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 their direct reports.

### **3.3.3 Strategic Planning**

The CEO is responsible for developing the Authority's business plan. The Board's role is to approve the business plan, including its strategies, tactics and 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. To this end, the Board has established an annual monitoring plan.

### **3.3.5 Public Reports**

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

The CEO, or an approved delegate under the Administrative Approval Authority Matrix, is the primary spokesperson for Consumer Protection BC; the Board Chair is the primary spokesperson for the Board.

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 communication is properly handled, including the 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 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 Finance & 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 amongst and by Directors. The Chair cannot be the Director appointed by the Minister.

### **4.2 Composition**

For reasons of cost and efficiency, the Board's 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.

The Board's 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 regulated businesses, 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 this manual or provisions within the *Business Practices and Consumer Protection Authority Act* for more information.

### **4.3 Board Diversity, Knowledge, Skills, Experience and Competencies**

The Board seeks to maintain a Board of Directors comprised of talented and dedicated Directors with a diverse mix of experience, skills and backgrounds collectively reflecting the strategic needs of Consumer Protection BC and the nature of the environment in which the organization operates. The Board is committed to fostering an inclusive culture based on merit and free of conscious or unconscious bias.

#### **4.3.1 Diversity**

The Board values the benefits that diversity can bring to its Board of Directors. Diversity promotes the inclusion of different perspectives and ideas, and improves oversight, decision-making and governance. Diversity on the Board also demonstrates Consumer Protection BC's commitment to diversity at all levels within the organization. Diversity includes business experience, geography, age, gender, visible minorities, Indigenous Peoples, persons with disabilities, sexual orientation and other personal characteristics. The Board, through the Governance & Nominating Committee, sets diversity priorities each time a Director recruitment process is initiated.

#### **4.3.2 Knowledge, Skills, Experience and Competencies**

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

- Board experience;
- Regulatory environments and administrative law;
- Financial literacy and accounting designation;
- Consumer protection;
- Public relations, communications and social media;
- Government relations and processes;
- Operating businesses;
- Partnerships and alliances;
- Strategic planning and risk;
- Strategic thinking, governance focused;
- Managing different stakeholder perspectives;
- Effective listening and contribution;
- IT; and
- Marketing, branding.

In addition, each Director should demonstrate the following competencies:

- Analytical & Technical Skills (Financial Acumen, Group Decision-making Orientation, Process Orientation);

- Thinking (Conceptual/Strategic 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: Terms of Reference for a Board Member.

#### **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 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 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 business judgment and act in what is reasonably believed 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 may also appoint a Vice Chair. For more information, see Appendix A: 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: Terms of Reference for a Board Member) includes specific responsibilities in relation to Board activity, preparation and participation at Board meetings and evaluation of Directors' 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 mandate and responsibilities are provided in Section 11 of this manual.

#### **4.5.5 Corporate Secretary**

The Board will appoint a Corporate Secretary who assists the Board to complete its duties by organizing and recording the activities of the Board and its Committees. The Corporate Secretary's responsibilities are provided in Appendix H: Terms of Reference for the Corporate Secretary.

## 4.6 Board Meetings, Agendas and Minutes

### 4.6.1 Notice and Special Meetings of the Board

The Board holds regularly-scheduled meetings and prepares two-year meeting schedules. Other special meetings of the Board may be called as required either by the Board Chair or by two Directors. Notice of a special meeting will be provided at least two business days prior to the meeting date, unless notice is waived.

### 4.6.2 Agenda

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

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.

Factors influencing the agenda include the planning framework, the Board Governance Manual requirements, the Board evaluation recommendations and legislative requirements.

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. Consultations with selected groups, research and relevant education and training will be arranged throughout the year as required.

Meetings may include Board in-camera sessions, as required. The Board Chair will record any action items resulting from the in-camera sessions when the Corporate Secretary is not in attendance.

### 4.6.3 Materials

The agenda and materials of Board meetings shall generally be issued not less than five working days in advance, but, in special circumstances, not less than 48 hours in advance. The Board members will be provided draft minutes of the previous meeting for approval at the next scheduled Board meeting.

### 4.6.4 Decisions

A simple majority of the Directors holding office constitutes a quorum. All decisions of the Board must be made by resolution. 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.

## 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 is signed annually by each Board member and a copy is included in Appendix C of this manual.

## 6.0 Development and Education Policy

While Directors are expected to assume their roles having the required skills and experience, Director orientation and continuing education is necessary. To ensure Directors develop an understanding of Consumer Protection BC and its operating environment, Directors should continue to work to deepen their education in governance matters and improve their skills, professional qualifications and experience within approved parameters and budgets. This policy outlines those parameters and budgets.

### 6.1 Director Orientation

The Director Orientation Program is designed to provide an understanding of the mandate and operations of the Authority; consumer and industry issues; and industries directly regulated by the Authority. The orientation program consists of:

- Self-study through an orientation manual containing comprehensive information about the Authority, its mandate, operations, regulated industries, business plans, annual reports, legislation, etc.;
- Briefings from the Board Chair, CEO and senior management;
- A tour of the Authority operations and introductions to and meetings with key staff;
- A tour of the website;
- Introductory meetings with Directors;
- A Board Mentoring Program (the pairing of new appointees with existing Directors for information-sharing purposes);
- A six-month evaluation meeting with the Board Chair; and
- A post-orientation survey.

### 6.2 Cost of Governance and Continuing Education

The Board is committed to the development of its governance capacity. The Board will approve an annual budget which includes continuing education; audit and other third-party monitoring of organizational performance; surveys, focus groups and opinion analyses; and meeting costs and retainers.

Continuing education is intended to expand Directors' understanding of consumer and business issues – particularly within regulated industries. Education will be tailored to individual needs and will include attendance at relevant conferences, seminars, etc., which expand the Director's understanding of issues affecting the Authority's responsibilities. Each Director will be provided with a continuing education allowance totaling \$1,200 per year of the Director's term. The allowance may be spent at each individual Director's discretion; however, it is expected that Directors will seek approval from the Board Chair in advance of signing up for the education opportunity. Such approval may be subject to sufficient budget being available for the Board as a whole.

The allowance is to be used only to cover registration, travel and accommodation for continuing education opportunities. For in-person courses offered in multiple locations, Directors are expected to take the courses at the nearest available location to minimize expenses. The cost of a conference or industry event will not be deducted from a Director's continuing education allowance if the Board Chair requests they attend.

## 7.0 Directors' Compensation

### 7.1 Retainers

Board and Committee retainers compensate Board and Committee 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. Retainers compensate 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.

Role	Annual Retainer
Board Chair	\$30,000.00
Board Director	\$13,500.00
Committee Chair	\$3,000.00
Committee Member (per Committee)	\$1,500.00

Retainers will be paid quarterly by the Authority, as due. 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 and are based on duration:

Meeting Duration	Daily Rate
More than four hours	\$1,000.00
Between two and four hours	\$500.00
Fewer than two hours	\$0.00

Meeting fees will be paid by the Authority as due. No payment will be issued to a Director not in attendance.

### 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.

### 7.4 Compensation Reviews

The Human Resources & Compensation Committee has been delegated responsibility by the Board to review Board and CEO compensation on a regular basis. Board compensation will be reviewed, preferably by an external, third-party contractor, on a triennial (or as-required) basis. For cost-savings purposes, efforts will be made to conduct the Board compensation review in combination with the triennial (or as-required) CEO compensation review.

The Board may consider changing compensation to remain competitive with similar organizations and authorities in British Columbia.

## 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 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 amongst 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: the Governance & Nominating Committee, the Human Resources & Compensation Committee and the 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 Committee Chair and Committee members for a one-year term; however, the Committee Chair and Committee members may serve consecutive terms. A Committee member may be removed at any time by the Board. Members will cease to be Committee members upon ceasing to be Directors of the Board, if applicable.

The Chair of the Board of Directors is an ex-officio member of every Committee, but may only vote on those Committees to which they have been appointed by the Board.

The CEO and the Corporate 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, they are not required to obtain approval of a Board Committee before making an executive decision.
- Board Committees may not interfere with delegation to the CEO.
- Task forces 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 Evaluations

Through the Governance & Nominating Committee, the Board is responsible for annually assessing the overall performance of the Board, the Board Chair, individual Directors, the Corporate Secretary and, when not operating as Committees of the Whole, 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 identifies areas where Directors and management believe the Board could make a better collective contribution to overseeing the affairs of the Board and progress is reviewed biannually.

## 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 Corporate Secretary; and
- The Board will view CEO performance as identical to organizational performance, so that organizational accomplishment of Board-stated outcomes and avoidance of Board-prescribed 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 ("executive limitations") established through the Carver Policy Governance model that set out the boundaries in which the CEO may operate, allowing 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 and implementing the business plan 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 availability of Annual Report performance outcomes and audited financial statements of the Authority.

## 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 Agreement 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 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 the 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, as required.
- f) Lead the Board so 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) Coordinate the evaluation and appointment of the CEO.
  - i) Ensure 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) Coordinate 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 the Board's business.
  - q) Annually evaluate the work of the Board and Directors.

## 2.12 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 the CEO and discuss Authority issues and opportunities to ensure 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.

## 2.23 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 or a Director designated by the Chair is delegated and carries out all responsibilities and duties of the Chair.

## Appendix B – Terms of Reference for a Board Member

### 1.0 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, Law and Declaration.
- 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.

### 2.0 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 their position.
- Use their 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 they have adequate information for decision-making.

- Maintain an excellent Board and Committee meeting attendance record. 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 be deemed to be contrary to the best interests of the Authority and cause for rescinding of the Director's appointment under section 9 of the *Business Practices and Consumer Protection Authority Act* (Standard of Conduct of Director or Officer).
- 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, 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 the Board member wishes to comment on should be raised subsequently with the Chair of the Board for possible discussion at an upcoming meeting.

### 3.0 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.

<b>Competency Groups (Continued)</b>	<b>Competency List</b>	<b>Definitions</b>
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

### Introduction

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.

### Purpose & Scope

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.” Board Directors will declare 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 Directors.

### Part One: Individual Profile

Personal Information			
<b>Name:</b>		<b>Email:</b>	
<b>Address:</b>		<b>City:</b>	
<b>Postal Code:</b>		<b>Phone:</b>	
Professional & Employment Background			
<b>Education:</b>			
<b>Current Employer:</b> <small>Include Name, Position, Dates</small>			
<b>Previous Employer:</b> <small>Include Name, Position, Dates</small>			
<b>Current Memberships Held:</b>			
<b>Current Board Positions:</b> <small>Include Name, Position, Terms</small>			

## Part Two: Declaration

I, \_\_\_\_\_, acknowledge that I have read and considered Part 3 of this declaration and agree to conduct myself in accordance with the Policy.

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): \_\_\_\_\_

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b. I, or any trustee or any nominee on my behalf, own or possess, directly or indirectly, the following interests: \_\_\_\_\_

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c. I, or any trustee or any nominee on my behalf, own or possess, directly or indirectly, a controlling interest or direct ownership, in the following companies licensed/regulated by Consumer Protection BC<sup>[1]</sup>: \_\_\_\_\_

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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): \_\_\_\_\_

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3. A real or perceived conflict of interest with my duty as a Board Director 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): \_\_\_\_\_

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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.

Signature		Date	
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Filed with the Corporate Secretary of the Business Practices and Consumer Protection Authority:

Print Name		Date	
Signature			

## Part Three: Policy

### 1) COMPLIANCE WITH THE LAW

Notwithstanding the provisions of minimum standards set out in sections 9 and 15 through 20 of the *Business Practices and Consumer Protection Authority Act*, the Conflict of Interest Policy is as follows:

- a) The primary duty of directors is to act in the best interests of the BPCPA at all times.
- b) Directors should act at all times in full compliance with both the letter and the spirit of all applicable laws.
- c) No director should commit or condone an unethical or illegal act or instruct another director, employee or supplier to do so.
- d) 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.
- e) Falsifying any record of transactions is unacceptable and grounds for dismissal.
- f) Directors should not only comply fully with the law, but should also avoid any situation which is or could be perceived as improper.
- g) 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

- a) In general, a conflict of interest exists for directors who use their position in the BPCPA to benefit themselves, friends, family or associates.
- b) 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<sup>[2]</sup> or friend, the director's business associate, corporation, union or partnership, or the interests of a person to whom the director owes an obligation.
- c) 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.
- d) 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.
- e) 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.
- f) Every director should avoid any situation in which there is, or may appear to be, a real or perceived<sup>[3]</sup> conflict of interest which could interfere with the director's judgment in making decisions in the best interest of the BPCPA.
- g) 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:
  - i) influencing the Authority to lease equipment from a business owned by the director's spouse;
  - ii) influencing the organization to allocate funds to an institution where the director or his or her relative works or is involved;
  - iii) participating in a decision by the Authority to hire, promote or terminate a relative, friend or associate of the director;
  - iv) influencing the BPCPA to make all its travel arrangements through a travel agency owned by a relative of the director;
  - v) influencing or participating in a decision of the BPCPA that will directly or indirectly result in the director's own financial gain.
- h) A director should fully disclose all circumstances that could conceivably be construed as conflict of interest.

### 3) DISCLOSURE

- a) Full disclosure enables directors to resolve unclear situations and gives an opportunity to dispose of conflicting interests before any difficulty can arise.
- b) 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.
- c) If a director is in doubt as to whether a situation gives rise to a conflict, real or perceived, the director should recuse themselves.
- d) Unless a director is otherwise directed, a director should immediately take steps to resolve the conflict or remove the suspicion that it exists.
- e) 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.
- f) 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:

- i) 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);
  - ii) 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;
  - iii) 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
  - iv) 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) OUTSIDE BUSINESS INTERESTS
- a) 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.
  - b) 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 BPCPA, where by virtue of their position in the BPCPA, the director could in any way benefit the other organization by influencing the purchasing, selling or other decisions of the BPCPA, unless that interest has been fully disclosed in writing to the BPCPA and approved by the board by resolution of more than 2/3 of all the directors.
  - c) A "significant financial interest" in this context is any interest substantial enough that decisions of the BPCPA could result in a personal gain for the director.
  - d) These restrictions apply equally to interests in companies that may compete with the BPCPA in all of its areas of activity.
- 5) CONFIDENTIAL INFORMATION
- a) Confidential information includes proprietary technical, business, financial, legal, or any other information which the BPCPA treats as confidential.
  - b) Directors should not, either during or following the termination of an appointment, disclose such information to any outside person unless authorized.
  - c) Similarly, directors should never disclose or use confidential information gained by virtue of their association with the BPCPA for personal gain, or to benefit friends, relatives or associates.
  - d) 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.
  - e) If in doubt about what is considered confidential, a director should seek guidance from the Board Chair or the CEO.
  - f) When a director's term expires or a director's appointment is rescinded or a director resigns, material which is not within the public realm will be returned to the Corporate Secretary.
- 6) INVESTMENT ACTIVITY
- a) 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 BPCPA which could reasonably affect the value of such securities.
  - b) Each director who has material direct or indirect ownership, interest or profit participation in outside business enterprises that have or are anticipating having dealings with BPCPA (e.g. regulated and licensed sectors, suppliers, etc.) shall disclose such interest in writing to the Chair of the Board through "Part 2: Declaration" of this form.
- 7) OUTSIDE EMPLOYMENT OR ASSOCIATION
- a) 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) ENTERTAINMENT, GIFTS AND FAVOURS
- a) It is essential to fair business practices that all those who associate with the BPCPA, as suppliers, contractors or directors, have access to the BPCPA on equal terms.
  - b) Directors and members of their immediate families should not accept entertainment, gifts or favours that create or appear to create a favoured position for doing business with the BPCPA. Any firm offering such inducement should be asked to cease.
  - c) Similarly, no director should offer or solicit gifts or favours in order to secure preferential treatment for themselves or the BPCPA.
  - d) 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.

- e) Nominal gifts and entertainment should only be accepted or offered by a director in the normal exchanges common to established business relationships for the BPCPA. An exchange of such gifts should create no sense of obligation on the part of the director.
  - f) Inappropriate gifts received by a director should be returned to the donor.
  - g) Directors shall make full and immediate disclosure to the board of any entertainment or gifts.
- 9) USE OF THE ORGANIZATION'S PROPERTY
- a) A director should receive the BPCPA's written approval to use property owned by the BPCPA for personal purposes, or to purchase property from the BPCPA (unless the purchase is made through the usual channels also available to the public).
  - b) Even then, a director should not purchase property owned by the BPCPA if that director is involved in an official capacity in some aspect of the sale or purchase.
- 10) RESPONSIBILITY
- a) The BPCPA should behave, and be perceived, as an ethical organization.
  - b) Each director should adhere to the minimum standards described herein and in the BPCPA's code of conduct, and to the standards set out in applicable policies, guidelines or legislation.
  - c) Integrity, honesty and trust are essential elements of the Authority's success. Any director who knows or suspects a breach of the BPCPA's code of conduct and ethics has a responsibility to report it to the Board Chair.
  - d) To demonstrate determination and commitment, each director should review and declare compliance with the BPCPA's code of conduct and ethics annually.
- 11) BREACH
- a) 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) WHERE TO SEEK CLARIFICATION
- a) Normally, the Board Chair or the Chair of the Governance & Nominating Committee should be responsible to provide guidance on any item concerning standards of ethical behaviour.
  - b) The BPCPA, 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:
    - i) reviews, updates or establishes appropriate policy, guidelines, procedures and processes for the Authority's code of business conduct and conflict of interest guidelines; and
    - ii) 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) BEST PRACTICES
- a) The BPCPA, as a body charged with the administration of statutes in the public interest, believes it is in its and the public's best interest for the Authority to adhere to the General Conduct Guidelines prepared by the Crown Agencies and Board Resourcing Office of the Province of British Columbia.<sup>[4]</sup> The BPCPA expects directors to have read, understood and to adhere to these Guidelines wherever possible.
- 14) ATTENDANCE
- a) Directors should make every effort to attend all board and committee meetings of the Authority.
  - b) 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 be deemed to be contrary to the best interests of the Authority and cause for rescinding of the director's appointment under section 9 of the *Business Practices and Consumer Protection Authority Act*.
  - c) Failure by the director to attend two consecutive regular 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.
  - d) 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) CODE OF CONDUCT
- a) 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,
    - i) 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.

- ii) Board members may not attempt to exercise individual authority over the organization except as explicitly set forth in board policies.
  - (1) Members' interaction with the CEO or with staff must recognize the lack of authority vested in individuals except when explicitly board-authorized.
  - (2) 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.
- iii) Any allegations against a director must be provided in writing to the Chair or Vice Chair of the board.
- iv) 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, they 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.
- v) A finding by the board that a director has violated the code of conduct may result in the board instituting the following sanctions:
  - (1) 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.
  - (2) 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 directors, stating that they consider the director to have failed to adhere to the standard of conduct required under subsection 9(1).

[1] "companies licensed/regulated by Consumer Protection BC" are those set out in the *Business Practices and Consumer Protection Act*, the *Cremation, Interment and Funeral Services Act*, the *Motion Picture Act*, the *Ticket Sales Act* and associated regulations. These may include travel agencies, travel wholesalers and accommodation providers; telemarketers; debt collection agencies, debt collectors, bailiffs, and debt repayment agencies; funeral services providers, funeral directors, embalmers, cemeteries and crematoria; motion picture retailers, distributors and theatres; home inspectors; and payday lenders. If uncertain, directors are expected to ask for clarification from the Corporate Secretary.

[2] "related" person includes a spouse, child, parent, grandparent, aunt, uncle, cousin or sibling of a director.

[3] "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.

[4] available at: <https://bit.ly/2UygLbw>.

## 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 Authority Act* and related trust funds (such as Travel Assurance Fund, Consumer Advancement Fund and Recoveries Fund), including the review of the annual audited financial statements and, as appropriate, other management-prepared financial statements or reports (such as budgets or forecasts); the relationships with the external auditors; the external audit and the oversight of 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 two and no more than four 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 “financially 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, partner rotation, independence, planning, conduct and results of external audit activities. The FAC will:

- 1) Review the appointment and independence of the external auditor, including:
  - a) Annually assess performance and recommend to the Board, for approval, the engagement or reappointment of the external auditor;
  - b) Receive assurances on the independence of the external auditor;

- c) Ensure the CEO advises the FAC Chair and Board Chair if any non-audit services are being contemplated by the auditor;
  - d) Approve all non-audit services to be provided by the auditors which exceed 20% of the audit fee; and
  - e) Annually assess the qualification, expertise and resources of the external auditor and ensure appropriate rotation of the engagement partner. Rotation intervals for the engagement partner should not exceed five years.
- 2) 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.
- 3) 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 controls weaknesses;
  - e) The external auditor's reports on all material affiliates in which the Authority has an economic interest; and
  - f) Any other matters the external auditor brings to the FAC's attention.
- 4) 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

- 1) The FAC will review and advise the Board on:
- a) The annual audited financial statements;
  - b) The appropriateness of accounting policies and financial reporting practices;
  - c) Significant proposed changes in financial reporting and accounting policies and practices;
  - d) New or pending relevant developments in accounting and reporting standards; and,
  - e) 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 controls in ensuring 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 Operating Reserve & Cash Balance Policy is satisfactory;
  - g) Whether the investment performance review is satisfactory;
  - h) If there is cause for concern from a review of the CEO's expenditure reviews, as completed by the Chair; and,
  - i) 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) Indebt or expend more funds than are available in the fiscal year without prior approval;
- 2) Fail to promptly transfer appropriate amounts to trust funds;
- 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) Fail to set up processes to safeguard 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 & Continuing Education 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 Corporate 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
<b>External Audit</b>				
1) Review performance, 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	✓			✓

Activity (continued)	Schedule			
	Q1	Q2	Q3	Q4
<b>Audited Financial Statements</b>				
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	✓			
<b>Internal Controls and Financial Risk</b>				
1) Review integrity of the system of internal controls <ul style="list-style-type: none"> <li>a. Administrative Approval Authority Matrix</li> <li>b. Fraud and Error Questionnaire</li> <li>c. Internal Control Narrative</li> </ul>				✓
2) Review Areas of Principal Risk Report for format and appropriateness of content	✓			
3) Review insurance requirements and coverage amounts	✓			
4) Industry Financial Model <ul style="list-style-type: none"> <li>a. Industry costing and fee recommendations, as necessary</li> </ul>				
5) Review the impact of any litigation on financial reporting				✓
6) Review if Investment Policy is satisfactory				✓
7) Review if investment performance review is satisfactory				✓
8) Review if Operating Reserve & Cash Balance Policy is satisfactory				✓
9) Review management-prepared operating financial statements or other financial reports, such as budgets and forecasts	✓	✓	✓	✓
10) Report any concerns regarding Chair's review of CEO expenditures	✓	✓	✓	✓
11) Ensure Business Continuity Plan is active and up-to-date through Areas of Principal Risk Reports	✓	✓	✓	✓
12) Review Cybersecurity Risk Mitigation Report annually for format and appropriateness of content		✓		
<b>Other</b>				
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 section 7(1) of the *Business Practices and Consumer Protection Authority Act* (BPCPA Act), the Board must appoint a nominating committee from amongst 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 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's 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 (per section 7(2)(b) of the BPCPA Act);
- d. Ensure an orientation program is available for new Directors; and
- e. Ensure the timely orientation of new Directors.

The GNC is not responsible for the Minister's appointment of one Director to the Board (per section 6(1)(a) of the BPCPA Act).

### **3.2     Board, Director & Committee Evaluations**

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

The GNC will:

- 1) Establish an evaluation process for the Board, individual Directors, the Board Chair and the Corporate Secretary.
- 2) Conduct annual Board, Director, Board Chair and Corporate Secretary evaluations.
- 3) Provide Board and Committee recommendations by way of a report to the Board.
- 4) Review progress on a biannual basis.
- 5) 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 changes to the Board.
- 2) Review Committee terms of references and responsibilities of the Board Chair and Corporate Secretary.
- 3) Monitor compliance with the Calendar of Commitments created from the Board Governance Manual to determine if stated actions and timeframes 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.

### **3.4.    Board Ethics**

The GNC will:

- 1) Oversee the Conflict of Interest Policy, Law and Declaration form, ensuring it is signed annually by Board members; monitoring compliance; sharing an annual summary with Committee members; and bringing forward, at the Committee's discretion, any conflict of interest issues.

- 2) Recommend and advise the Board of Directors on adoption of new ethics policies or revisions to current ones.

## 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 Corporate 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
<b>Board Recruitment</b>				
1) Review Board skills matrix			✓	
2) Determine need for recruitment			✓	
<b>Annual Evaluations</b>				
1) Review annual evaluation processes			✓	
2) Commence annual evaluations				✓
3) Provide recommendations to the Board	✓			
4) Review progress on identified areas for Board development		✓		✓

Activity (continued)	Schedule			
	Q1	Q2	Q3	Q4
<b>Board Governance</b>				
1) Review Board Governance Manual, Executive Limitations and other governance-related materials				✓
2) Review Terms of Reference for Committees (the Governance & Nominating Committee, the Human Resources & Compensation Committee and the Finance & Audit Committee); Chair of the Board; and Corporate Secretary				✓
3) Review and update calendar of commitments				✓
4) Establish Board and Committee meeting dates for the upcoming two years			✓	
5) Monitor Executive Limitations as assigned by the Board				✓
6) Ensure Conflict of Interest Policy, Law and Declaration form is signed annually by Board Directors, monitor compliance and review summary report	✓			
<b>General</b>				
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 nominee 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)* and the pardon or record suspension, as the case may be, has not been revoked or ceased to have effect.
- (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 the 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, the 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 the excluded staff compensation model to ensure it continues to be competitive, transparent, accountable and affordable. This model will assist in motivating, retaining and attracting candidates of outstanding abilities.

The HRCC will:

- 1) Review Board and CEO compensation, preferably by an independent consultant, on a triennial (or 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 succession plan for the CEO and senior management of the Authority 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 in conducting 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 resources policies to ensure compliance with specific executive limitations, including but not limited to the:
  - a) Human Resources Handbook, or other broad human resources policies
  - b) Excluded employee compensation model, which includes salary bands 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 Development

Where 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, unsafe, undignified or disrespectful.

Accordingly, the CEO shall not:

- 1) Operate without written personnel policies that clarify personnel rules for staff and protect against wrongful conditions, including nepotism and preferential treatment for personal reasons, bullying, harassment, discrimination and unsafe work environments.
- 2) Discipline or retaliate against any staff member for bringing forward in good faith allegations of wrongdoing.
- 3) Prevent staff from reporting to the Board of Directors, under the Standards of Conduct for all employees, allegations of wrongdoings involving the CEO.
- 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 their 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 BC Pension Corporation.

#### **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 Corporate 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 HRCC's schedule of activities:

Activity	Schedule			
	Q1	Q2	Q3	Q4
<b>Board and CEO Compensation</b>				
1) On a triennial basis, complete a review of Board and CEO compensation plans (preferably by an external consultant)			✓	
2) On a triennial basis, receive consultant's report (if applicable), develop recommendations for Board and CEO compensation plans and provide to the Board	✓		✓	
<b>CEO Evaluation, Succession Planning and Recruitment</b>				
6) Review CEO and senior management 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	✓		✓	

Activity (continued)	Schedule			
	Q1	Q2	Q3	Q4
<b>Monitoring Human Resource Policies</b>				
13) Monitor the executive limitations				✓
14) Obtain and review monitoring reports and human resources policies			✓	
15) Advise the Board of any non-compliance and provide to the Board any appropriate recommendations, as required				✓
16) Retain independent consultant, if required, to assist with review				
<b>Other</b>				
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			✓	
7) Review excluded employee compensation model annually	✓			
8) Review CEO job description annually, or in the event of a material change in job duties	✓			

## Appendix H – Terms of Reference for the Corporate Secretary

### 1.0 Responsibilities

The Corporate Secretary's responsibilities include:

- Supporting the Board and Committee Chairs in the preparation of meetings, including drafting agendas; preparing briefing materials with appropriate levels of breadth and clarity; and distributing meeting packages;;
- Organizing and recording the activities of Board and Committee meetings; exceptions:
  - Taking minutes during in-camera meetings; and
  - Taking minutes during Human Resources & Compensation Committee meetings, when requested not to.
- Ensuring and maintaining the confidentiality of the Board and Committee deliberations, as appropriate;
- Preparing minutes of Board and Committee proceedings;
- Keeping and maintaining all of the Authority's corporate and historical records, meeting minutes and related Board information;
- Coordinating the 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 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;
- Arranging for the updating of governance policies, as required and in accordance with Board and Committee timetables;
- Administering Director remuneration, consistent with policy; and
- Advising the Chair on any matters where conflict, potential or real, might occur between the Board and the CEO.

### 2.0 Accountability

The Corporate Secretary is an employee of the Authority who reports operationally to the CEO and is also accountable to the Chair and to the Board of Directors.

## 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 by 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 portfolio manager, whose authority is defined in a duly authorized investment management agreement
- Notify the Board of Directors when the individual investment portfolio 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 versus the 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 supports 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
<b>Cash and Equivalents</b>	0%	15%	30%
<b>Fixed Income</b>	50%	70%	90%
<b>Equity</b>	0%	15%	25%
<b>Foreign Securities (US and Int'l)</b>	0%	5%	10%

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

Asset Class	Minimum	Long-Term Target	Maximum
<b>Cash and Equivalents</b>	0%	5%	25%
<b>Fixed Income</b>	30%	50%	70%
<b>Equity</b>	30%	45%	65%
<b>Foreign Securities (US and Int'l)</b>	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 exchange traded funds provided those holdings adhere to this policy
- The majority of TAIF and OIF fixing 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-sized 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. Any holding assessed as a Sustainalytics underperformer must be reported to the Authority quarterly.

### Investment Restrictions

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

- 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, marijuana 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 conflict 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, Law and Declaration Form and Board Governance Manual of the Board of Directors.

## Reporting

See Division of Responsibilities above for all reporting requirements.

## Adoption and Amendments

The Investment Policy shall be adopted by resolution 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 resolution of the Board of Directors.

## Appendix J – Operating Reserve & Cash Balance Policy of the Board of Directors

### Purpose

The purpose of this policy is to guide the Authority's Board of Directors to ensure the continuity of operations in response to sudden expense increases or revenue declines and/or to provide funds for an orderly dissolution of the Authority, if required.

### Division of Responsibilities

#### Board of Directors

The Board of Directors is ultimately responsible for operating reserves and cash balances but has determined the policy outcomes will be better achieved 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:

- Propose the operating reserve and cash balance minimum targets, subject to any legal requirements and approval by the Board of Directors
- Monitor the operating reserve and cash balances for compliance with this policy
- Provide quarterly reports on the operating reserve and cash balances
- Identify any risk of non-compliance, or of any circumstances likely to arise, which would necessitate the use of the operating reserve and/or cash balance
- Make recommendations to the Board of Directors about when and how to expend funds from the operating reserve and/or cash balance, if required

### Risk Considerations

The risk of the Authority dissolving or facing sudden declines in revenue or increases in expenses is low. However, the implementation of the Operating Reserve & Cash Balance Policy is consistent with the risk adverse nature of the Authority and the risk tolerance appetite of the Investment Policy.

### Policy: Definitions & Targets

#### Operating Reserve

The operating reserve is comprised of the investment portfolio for the Operational Investment Fund (OIF), currently held and managed by RBC Dominion Securities Inc. The Board of Directors' Investment Policy provides guidance on how the OIF is administered, managed and reported.

The target for the operating reserve is to maintain a minimum balance equal to an annual operating expense less amortization ratio of at least 0.5. This translates to approximately six months of operating expenses (not including amortization).

## Cash Balance

The cash balance is comprised of the cash held in the operating bank account, currently at Scotiabank. The cash balance target is to maintain a minimum balance equal to annual operating expenses less amortization ratio of at least 0.17. This translates to approximately two months of operating expenses (not including amortization). This target provides sufficient liquidity to allow a reasonable amount of time to access the operating reserve, if required, without the need to access borrowing facilities.

## Monitoring, Reporting & Use

### Monitoring

The President and CEO is responsible for ensuring the operating reserve and cash balance are maintained and sufficiently funded to meet policy goals.

### Reporting

The President and CEO will maintain records and provide regular reports to the Finance & Audit Committee (FAC). Regular reports will include quarterly investment balance and returns for the operating reserve and quarterly cash flow reports. The President and CEO and Leadership Team will also monitor the cash balance monthly against budgeted and forecasted cash flows.

If the operating reserve or cash balance falls below the targets of this policy, or is expected to fall below the targets, the President and CEO will report this to the FAC along with plans and subsequent progress reports to restore operating reserve and/or cash balance to the minimum policy targets. Actions which may be considered by the President and CEO to restore operating reserve and/or cash balance to the minimum policy targets are outlined within the appendix of this policy.

### Use

Any use of the operating reserve or cash balance that would result in the balances falling below policy targets (such as to ensure the continuity of operations or dissolve the Authority) must be adopted by resolution of the Board of Directors.

## Adoption and Amendments

The Operating Reserve & Cash Balance Policy is adopted by resolution of the Board of Directors and oversight is provided by the FAC through the monitoring of quarterly reports from the President and CEO. The Operating Reserve & Cash Balance Policy and targets shall be reviewed annually or in the instance where policy targets are, or expected to be, breached, and revised as appropriate. Any amendments to this policy shall be made by resolution of the Board of Directors.

## Appendix: Response Actions

The President and CEO is required to inform the FAC if the Operating Reserve & Cash Balance Policy targets have been breached or are anticipated to be breached. In this circumstance, the President and CEO is also obligated to provide recommendations for actions to restore the operating reserve and/or

cash balance to the minimum policy targets. While the specific circumstances of any non-compliance would need to be considered, the following outlines the most likely recommended actions:

- If the period of non-compliance is anticipated to be less than one full quarter and is not caused by a systemic decline in revenue or increase in expenses, it can be recommended that no action be taken and that the operating reserve and/or the cash balance can simply be monitored until compliance is restored.
- Payments to suppliers could be held until final due dates or deferred beyond by seeking supplier approval or incurring interest charges.
- Discretionary expenses may be frozen to reduce the variance between revenue and expenses.
- A fee review could be conducted to restore compliance in the next fiscal year.
- Funds could be liquidated from the operating reserve (providing the policy target remains met), to restore the cash balance target.
- Revenue replacement could be pursued through loans, subsidies, accessing credit limits, etc.
- Non-discretionary expense cuts could be implemented (after confirming they are net expense reductions, and that employees' ability to deliver on Consumer Protection BC's legislated mandate is retained).
- The organization could determine that operating in non-compliance is the only available option and monitoring and reporting requirements could be set.
- The organization could wind down operations and relinquish delegated authority if the non-compliance with the Operating Reserve & Cash Balance Policy is likely to cause the failure of the Authority.

## Appendix K – Use of Technology Policy

### Purpose

This policy outlines the expectations and obligations related to the use of Consumer Protection BC's information and communication technology (ICT) by Directors.

An ICT is any technology-based tool provided by the organization, including, but not limited to, computers, email, internet, mobile devices (e.g., cell phones, laptops, tablets), hardware, software and collaboration systems (e.g., Microsoft Teams, Office 365, teleconference equipment).

Consumer Protection BC uses ICTs to support Directors (users) in their work as well as to deliver services to the organization's stakeholders and other members of the public. Proper use of ICTs saves time and money, reduces administrative overhead and improves service. However, improper use of ICTs may jeopardize Consumer Protection BC's systems integrity, security and service levels and otherwise put the organization at risk.

Directors may be provided with ICTs, such as tablets, or choose to use their own personal property to aid in their work for the organization. The intent of this policy is to inform Directors who have been provided with Consumer Protection BC-owned property or who use their own personal property of their and the organization's responsibilities.

### Part One: Organizational Property

#### 1.0 Scope

This section of the policy applies to Directors provided with ICTs.

#### 2.0 Ownership

All ICTs provided by the organization remain, at all times, the property of the organization, unless purchased by the Director (see item 6.0). Directors have no ownership, interest or right to title of devices or any information stored or annotated on the device. Directors agree to return devices upon request by the organization.

#### 3.0 Responsibilities

When using ICTs, Directors must:

- Comply with all applicable legislation and all standards, policies and procedures of Consumer Protection BC, including the Board Governance Manual;
- Respect and comply with all copyright and intellectual property rights related to the technology and software they are using;
- Ensure devices and systems are properly secured, password protected and locked when not in use to prevent sensitive data from being lost or compromised;
- Report lost or stolen devices immediately to the Corporate Secretary;
- Keep devices free from inappropriate or dangerous files;

- Install regular operating system and application software updates from the manufacturer;
- Ensure all assigned ICTs are maintained in good condition;
- Ensure all assigned ICTs are accounted for at all times;
- Not dispose of assigned ICTs except in accordance with the guidelines established by the organization; and
- Not do anything which may:
  - Have a detrimental effect on the ICT's productivity, integrity or security;
  - Harm the reputation of Consumer Protection BC; or
  - Result in civil or criminal liability for the Director or Consumer Protection BC.

Consumer Protection BC is corporately responsible for:

- Offering the use of ICTs to Directors upon orientation and/or during the Directors term, as requested;
- Purchasing and completing initial setup of ICTs to maintain internal security and inventory requirements; and,
- Ongoing technical support, as needed.

#### 4.0 Personal Use

Reasonable personal use of resources comprising part of the ICTs provided by Consumer Protection BC is acceptable, provided that such use:

- Does not compromise the productivity, integrity or security of the ICTs;
- Does not conflict with any laws or organization policy; and
- Does not harm the organization's true or perceived reputation.

#### 5.0 Loss, Damage & Repairs

Directors are personally responsible for the security and safety of an assigned ICT. Directors must immediately inform the Corporate Secretary of any device loss or damage. In the event damage renders the device useless, Directors will be responsible for reimbursing the organization for the replacement value (original purchase price) of the ICT. If a device, after damage, can be repaired, the Director will return the device to the Corporate Secretary who will manage the repair process.

#### 6.0 Device, App & Software Purchases

Any software or applications (e.g. Microsoft Office) used to aid a Director in their work may be purchased by the Director with approval by the Corporate Secretary. Directors will be entitled to reimbursement for such purchases. Directors will not be reimbursed for the purchase of personal apps and software.

Upon term end or resignation, Directors are entitled (upon request to the organization) to retain equipment provided by Consumer Protection BC in exchange for the net book value of the item (as determined by Consumer Protection BC's Capital Asset Policy) or nominal payment of \$1.00, whichever is higher.

## Part Two: Personal Property

### 1.0 Scope

This section of the policy applies to Directors who use personally-owned property to aid in their work for the organization.

### 2.0 Ownership

Personally-owned property used by Directors to aid in their work for the organization remain, at all time, the property of the Director. Directors have no ownership, interest or right to any information stored or annotated on the personal device.

### 3.0 Responsibilities

Directors must:

- Ensure devices and systems are properly secured, password protected and locked when not in use to prevent sensitive data from being lost or compromised;
- Remove all organizational information stored or annotated on the personal device upon term end or resignation; and
- Report lost or stolen devices immediately to the Corporate Secretary.

Consumer Protection BC is corporately responsible for:

- Offering the use of ICTs to Directors upon orientation and/or during the Directors term, as requested.

### 4.0 App & Software Purchases

Directors will not be entitled to reimbursement of any software or applications purchased for use on personally-used property, even if the purchase was made to aid a Director in their work for the organization.

## Appendix L – Drug & Alcohol Policy

### Purpose

The purpose of this policy is to address instances of drug and alcohol use that affects the performance and safety of the individual, their coworkers and visitors/guests in the workplace and at Consumer Protection BC events.

With the exception of certain company sponsored events, Consumer Protection BC is a drug and alcohol-free workplace. The use of or being under the influence of drugs or alcohol that impairs an individual's judgement, performance or safety is inconsistent with the behaviour expected of employees. Drug and/or alcohol induced impairment subjects' self and others to unacceptable safety risks that undermine the Employer's ability to operate safely, effectively and efficiently.

### Scope

The policy applies to all Directors of Consumer Protection BC. In the case of a company-sponsored event where Consumer Protection BC authorizes the consumption of alcohol, this policy applies to all Directors and their guests who attend the event.

### Definitions

- Alcohol / Drug: a medicine or other substance which has a physiological effect when ingested or otherwise introduced into the body; may be legal, illegal, prescribed or over-the-counter. For the purposes of this policy, the definition of drug includes marijuana in any form.
- Alcohol / Drug Abuse: a disease in which a person's use of any substance interferes, or has the potential to interfere, with the individual's health and/or performance.
- Impairment: A deterioration of an individual's judgement and/or decrease in his or her physical or mental ability.

### Policy Application

#### Standards of Performance

- The Employer and Directors are required to comply with all sections of the [BC Occupational Health & Safety Regulation](#).
- The use of alcohol and/or drugs prior to or during operation of any company vehicle or personal vehicle authorized for company use is prohibited.

### Consumer Protection BC Events

#### Conditions of Attendance

Directors (and other guests) are invited to Consumer Protection BC events on the condition of their acceptance that they must:

- Accept responsibility for their own alcohol consumption
- Moderate their intake of alcohol
- Not be under the influence of drugs (including marijuana)
- Cooperate with Consumer Protection BC's efforts to ensure their safety

## Event Management

At all Consumer Protection BC events at which alcohol is served, Consumer Protection BC will make reasonable efforts to:

- Remind the attendees of this policy and of their obligations as guests of Consumer Protection BC
- Provide a selection of non-alcoholic beverages as alternatives to alcoholic beverages
- Prevent an attendee who shows outward signs of impairment from continuing to consume alcohol
- Appoint a designated driver or provide alternate means of transportation to attendees who show outward signs of impairment
- Prevent an attendee who shows outward signs of impairment from leaving the event unaccompanied
- Document, immediately following the event, any actions which a member of the Consumer Protection BC management team takes in response to dealing with an impaired event attendee