

# Board Governance Manual

Last Updated: September 9, 2026

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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 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 to consumers.

### 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 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;
- Recommend to the Attorney General legislative or regulatory change regarding the Legislation,

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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.

as it deems appropriate;

- Provide the Attorney General with a financial report at any time when required to do so by the Attorney General;
- Provide the Attorney General with timely and reliable information and advice on matters of public interest relating to the regulated businesses;
- Advise or report to the Attorney General on any matter the Attorney General may refer to the Authority relating to the administration of the Legislation;
- Report to the Attorney General 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 Attorney General; 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 are defined in 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 BC Government 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 Attorney General 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 of advising the public about Board processes and procedures. Biographies of Board members are also 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 has three standing committees: the Governance and Nominating Committee, the Human Resources and Compensation Committee and the Finance and 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 are 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.

### 3.3.1 Strategic Responsibilities

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 CEO is responsible for developing the Authority’s business plan and the Board’s role is to approve the business plan, including its strategies, tactics and performance measures. Specifically, the Board has responsibility to:

- Hold an annual Strategic Planning Review to develop the strategic areas of focus for the next planning cycle;
- Participate in the development and approval of the Authority’s three-year Business Plan;
- Participate in the development and approval of the Authority’s three-year Budget;
- Participate in the development and approval of the Authority’s Annual Report; and
- Monitor, on a regular basis, the Authority’s performance against its Business Plan.

### 3.3.2 Other Responsibilities

Other 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;
- Approving the annual audited financial statements;
- Monitoring organizational performance;
- Ensuring a culture of curiosity, integrity and impact;

- 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
- Ensuring interest holder issues are appropriately considered and addressed.

### **3.3.3 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.

### **3.3.4 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.

### **3.3.5 Monitoring Organizational Performance**

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

### **3.3.6 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.

### **3.3.7 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 mandated obligations.

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.

### **3.3.8 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 forward to the Board.

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

### **3.3.9 Interest Holder 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 interest holder issues. It is the CEO's responsibility to keep the Board informed about significant interest holder issues.

## **4.0 Board Structure**

### **4.1 Legislative Requirements**

By legislation, the Board may consist of up to nine directors, including one director who may be appointed by the Attorney General. The Chair of the Board is appointed from amongst and by Directors. The Chair cannot be the Director appointed by the Attorney General.

### **4.2 Composition**

For reasons of cost and efficiency, the Board's policy is to keep the size of the Board small, typically between five and seven Directors, as long as it meets its criteria for knowledge, skills and abilities to meet its mandate and respond to its various interest holder groups. For effective succession planning, the Board aims to, where possible through staggered terms, limit Director turnover to no more than one per year.

The Board's policy is not to seek direct licensed business 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 representation on the Board is not the most effective way for the Board to meet its mandate. Therefore, the Board has directed its Governance and Nominating

Committee to seek candidates with broad consumer and business perspectives. The Board also seeks individuals who primarily live in British Columbia, aligning with Consumer Protection BC's role as a provincial regulator and keeping the Board connected to its local community. See Appendix E: 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 and Nominating Committee, sets diversity priorities each time a Director recruitment process is initiated.

The Board aspires to meet the following diversity goals:

- Gender parity: ideally, 50% of Directors self-identify as being women or non-binary; and
- Representation of equity-deserving groups: ideally, 30% of Directors self-identify as being Racialized, Black and/or a Person of Colour; a person with a disability (including a person with an invisible or episodic disability); a member of the 2SLGBTQ+ community; a gender and/or sexually diverse individual; or an Indigenous Person.<sup>2</sup>

In its commitment to transparency, the Board publishes aggregate Director diversity data within its Annual Reports.

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

Collectively, to foster its ability to provide strategic direction and fulfill its oversight responsibilities, Directors need to demonstrate specific knowledge, skills and experience, core competencies and expertise.

### 4.4 Term

Through the *Business Practices and Consumer Protection Authority Act*, the term of office of the Chair is

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<sup>2</sup> Defined as a person who identifies with First Nations (Treaty/Status/Non-Status), Métis or Inuk (Inuit) cultural and/or ancestral background.

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 interest holders, 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) include 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 Corporate Secretary is an employee of the Authority 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 G: 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 three-year meeting schedule. 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, Corporate Secretary and Committee Chairs, 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 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.

The Board and its Committees aim to increase the efficiency of meetings by using consent agendas. Through this practice, all routine, procedural, informational and non-controversial items that do not require discussion or decision-making are approved in a single action and without debate. The types of materials typically included within consent agendas are previous meeting minutes, standard and informational reports that do not require action, routine correspondence, administrative updates and minor policy amendments that do not significantly alter policy direction. Any item requiring Committee or Board discussion or decision-making is not included within the consent agenda. During meetings, the Board or Committee Chair calls for approval of the consent agenda and any members may request that an item be removed from the consent agenda for separate discussion.

#### **4.6.4 Decisions**

Decisions may only be made by the Board of Directors, not its Committees, and by resolution. A simple majority of the Directors holding office constitutes a quorum. All decisions of the Board must be made by resolution.

An abstention vote is considered to be a conscious decision made by a Director to not vote and, therefore, is recorded as a neutral vote – neither positive nor negative. Directors should have a sound reason for not voting, as they are legislatively required to act with a view to the best interests of the Authority.

If there is a tie vote of the Directors, the Chair must cast a second and deciding vote.

#### **4.6.5. Meeting Attendance**

Under the Code of Conduct and Conflict of Interest Policy and Declaration, Directors are expected to make every effort to attend all Board and Committee meetings and in the prescribed mediums. The Board Chair retains the authority to recognize a Director's virtual participation at in-person meetings in exceptional circumstances.

## **5.0 Code of Conduct**

### **5.1 Policy and Annual Declaration**

Code of conduct and conflict of interest provisions are identified in the *Business Practices and Consumer Protection Authority Act*. Directors are required to comply with the Board's Code of Conduct and Conflict of Interest Policy and Declaration. Failure to do so could result in a recommendation made to the Board of Directors to rescind the Director's appointment. The Governance and Nominating Committee is delegated responsibility by the Board for monitoring compliance and ensuring, if required, that remediation or risk mitigation protective measures are put in place.

### **5.2 Board and Management Relations**

Directors do not have the authority to direct staff. Any communication between a Director and a member of the management team (aside from the CEO or Corporate Secretary) outside of a Committee or Board of Directors meeting and regardless of who initiates the communication, should normally be coordinated through the CEO, Corporate Secretary and/or Board Chair, recognizing that exceptional circumstances may arise. In such cases, the CEO and Board Chair should be informed as soon as practicable.

## **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 are 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.

### **6.1 Director Orientation and Integration Period**

New Directors receive orientation and integration support to help them understand Consumer Protection BC's mandate, operating environment, governance framework and Board expectations.

### **6.2 Cost of Governance and Continuing Education**

The Board is committed to the development of its governance capacity. The Board approves an annual governance budget which includes continuing education; governance software; and meeting costs and

retainers. The Board reviews the governance budget and related expenses on a per-meeting basis.

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 can include attendance at relevant conferences, seminars, etc., which expand the Director's understanding of issues affecting the Authority's responsibilities.

## 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 outside of scheduled Board and Board Committee meetings. 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 time, participation on subcommittees, 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      |

### 7.2 Meeting Fees

Meeting fees are paid for all approved Board and Committee meetings and are based on duration, calculated from meeting call to order through adjournment, including meal breaks:

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

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 are reimbursed at the same rate that is approved for the CEO.

### 7.4 Compensation Reviews

The Human Resources and Compensation Committee is delegated responsibility by the Board to review Board and CEO compensation on a regular basis.

Consumer Protection BC's Board of Directors is committed to providing fair, competitive and transparent compensation that recognizes the fiduciary, strategic, regulatory and public-interest responsibilities of Board service. Board compensation will reflect the scope, complexity and time commitment of the Board's responsibilities and be informed by relevant market practices, while maintaining appropriate stewardship of the Authority's resources. The compensation philosophy is intended to support the recruitment and retention of qualified and diverse Directors, recognize differences in leadership and committee responsibilities and maintain public confidence through a consistent, evidence-informed and appropriately governed approach to Board compensation.

## 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 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 and Nominating Committee, the Human Resources and Compensation Committee and the Finance and 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. The Board supports a periodic rotation of Committee leadership in a way that recognizes and balances the needs for new ideas, continuity and maintenance of functional expertise. 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 C for the full terms of reference for the Finance and Audit Committee.

See Appendix D for the full terms of reference for the Governance and Nominating Committee.

See Appendix F for the full terms of reference for the Human Resources and 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.
- 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 or subcommittees 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

The Board, through the Governance and Nominating Committee, is responsible for annually assessing the overall performance of the Board, the Board Chair, Committee Chairs, 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.

## 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, other than the Corporate Secretary (see section 5.2 – Board and Management Relations); and
- The Board will refrain from evaluating, either formally or informally, any staff other than the CEO and Corporate Secretary.

### 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 are outlined in their job description.

### 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 priorities and areas of evaluation are set annually and may be based on the Authority's success in achieving its outcomes, adherence to the Board's policies, 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 the prior year's 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 interest holders.

In particular, the Chair is responsible for ensuring the Board exercises full governance over the affairs of the Authority and meets requirements under the *Business Practices and Consumer Protection Authority Act* and its Administrative Agreement with the Attorney 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 Board'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 (see section 4.0 – 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;
  - Interest holder 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 and code of conduct issues.
  - m) Oversee new Director integration processes.
  - n) Coordinate the appointment of Committee Chairs and members.
  - o) Attend Board Committee meetings, as appropriate.
  - p) Sign all contracts and correspondence authorized by the Board and sign all official Board reports.
  - q) Act as the Board's liaison on process and timing issues regarding the Board's business.
  - r) Annually evaluate the work of the Board and Directors.

## **2.2 Working with Management**

- a) Act as the principal liaison between the Board and the CEO.
- b) Build and maintain constructive Board relationships with management.
- c) Regularly meet with 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.

## **2.3 Working with Interest Holders**

- a) Build and maintain sound working relationships with the responsible Attorney General and the other government representatives.
- b) Ensure the CEO or other delegates 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 Short-Term or Emergency Absence of Chair**

For the purposes of emergency, short-term Board Chair succession, the Governance and Nominating

Committee annually designates a Board role to serve as interim Board Chair for the upcoming year should the incumbent Chair become unexpectedly incapacitated or otherwise unable to perform the duties of the role.

Where no advance designation has been made, or where the designated individual is unable to act, the Board may, by majority vote of Directors eligible to vote, designate a Director to assume the responsibilities and duties of the Chair until such time as the Chair is able to resume the role or a permanent replacement is appointed.

#### 4.0 Planned, Long-Term Board Chair Succession

For the purposes of planned, long-term Board Chair succession:

- a) The Chair of the Governance and Nominating Committee annually discusses Board Chair succession intentions with the Board Chair as part of the Board Chair evaluation feedback process; and
- b) The Governance and Nominating Committee will, 18 to 24 months in advance of an anticipated Board Chair transition, recommend to the Board the desired criteria for Board Chair candidates and oversee succession planning or recruitment activities consistent with those criteria.

#### 5.0 Timetable

The following timetable outlines the Board of Directors' schedule of activities:

| Activity                                                                                           | Schedule |    |    |    |
|----------------------------------------------------------------------------------------------------|----------|----|----|----|
|                                                                                                    | Q1       | Q2 | Q3 | Q4 |
| <b>Governance and Risk Oversight</b>                                                               |          |    |    |    |
| 1) Review the Governance Budget                                                                    | ✓        | ✓  | ✓  | ✓  |
| 2) Review and approve Delegation Matrix, as required                                               |          |    |    |    |
| 3) Review and approve Administrative Approval Authority Matrix, as required                        |          |    |    |    |
| 4) Monitor Executive Limitations                                                                   |          |    |    | ✓  |
| 5) Receive Ombudsperson Reports, as required                                                       |          |    |    |    |
| 6) Receive Areas of Principal Risk Reports through the Consent Agenda                              |          | ✓  |    | ✓  |
| 7) Receive and discuss Areas of Principal Risk Reports                                             | ✓        |    | ✓  |    |
| 8) Through the Chair, conduct Director integration program                                         |          |    |    |    |
| <b>Strategic Oversight</b>                                                                         |          |    |    |    |
| 1) Approve the Business Plan                                                                       |          |    |    | ✓  |
| 2) Approve the Budget                                                                              |          |    |    | ✓  |
| 3) Approve the Annual Report                                                                       |          | ✓  |    |    |
| 4) Conduct annual strategic planning                                                               |          |    | ✓  |    |
| 5) Review and discuss Business Plan reports, confirming each focus area and underlying assumptions | ✓        | ✓  | ✓  | ✓  |

| Activity (continued)                                                | Schedule |    |    |    |
|---------------------------------------------------------------------|----------|----|----|----|
|                                                                     | Q1       | Q2 | Q3 | Q4 |
| <b>Interest Holder Relations</b>                                    |          |    |    |    |
| 1) Receive guest presentations by interest holders                  |          | ✓  | ✓  | ✓  |
| 2) Receive prior year Industry Engagement Report                    | ✓        |    |    |    |
| 3) Receive Board and industry engagement opportunities              | ✓        |    |    |    |
| 4) Receive at least biennial presentations by legal representative  |          | ✓  |    |    |
| <b>General</b>                                                      |          |    |    |    |
| 1) Receive payday and high-cost credit granting aggregate loan data |          | ✓  |    |    |
| 2) Approve the Audited Financial Statements                         | ✓        |    |    |    |
| 3) Approve fee schedule changes, as required                        |          |    |    |    |
| 4) Conduct investment fund corrective action reviews, as required   |          |    |    |    |

## 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 Code of Conduct and Conflict of Interest Policy 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 and peer 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 regularly scheduled Board or Committee meetings in any 12-month period, without providing reasonable cause to the Chair, will be deemed to be contrary to the best interests of the Authority and may be cause for rescinding of the Director's appointment under section 9 of the *Business Practices and Consumer Protection Authority Act*.

- Actively participate in Board and Committee meetings.

When a Board member attends interest holder 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 Competencies of an Effective Director

| Competency                                  | Definition                                                                                                                                                                                                                                                                             |
|---------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Strategic Vision                            | This competency describes the extent to which Directors are able to anticipate the long-term business challenges the organization will face, take actions to respond to long term opportunities and risks and know the organization's current business strategy and associated budget. |
| Governance Focus                            | This competency describes the extent to which Directors clearly understand their roles – as stewards of the organization versus management – and remain focused on strategic issues and priorities.                                                                                    |
| Understands Consumers and Protection Issues | This competency describes the extent to which Directors know and understand the regulatory marketplace and relevant consumer protection issues.                                                                                                                                        |
| Analysis and Judgment                       | This competency describes the extent to which Directors consider diverse and possibly contradictory information, analyze complex information, make sound decisions based on that information and ensure decisions have a long-term positive impact on the company.                     |
| Decisiveness                                | This competency describes the extent to which Directors make decisions in an                                                                                                                                                                                                           |

|                                                          |                                                                                                                                                                                                                                              |
|----------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                          | objective and timely manner, including being able to make decisions based on limited information when needed.                                                                                                                                |
| Supportive Relationships and Interpersonal Effectiveness | This competency describes the extent to which Directors establish collaborative, supportive and respectful relationships with other stakeholders (Directors, the senior management team, consumers, other organizations).                    |
| Persuasiveness                                           | This competency describes the extent to which Directors express their views and opinions with confidence, stand up for what they believe in without becoming overbearing or pushy and articulate their views in clear and compelling manner. |
| Results-Oriented and Continuous Improvement              | This competency describes the extent to which Directors set challenging goals for the organization and themselves, follow through on their responsibilities and seek continuous improvement.                                                 |
| Integrity                                                | This competency describes the extent to which Directors demonstrate the highest level of integrity in their behaviour and act as role models for the organization.                                                                           |

## Appendix C – Terms of Reference for the Finance and 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 the Travel Assurance Fund, Consumer Advancement Fund, Recoveries Fund and Consumer Financial Education 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

Through the FAC, the external auditor is accountable to the Board. The FAC, as a whole, 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 Board Chair will be informed of any request made by the external auditor to liaise directly with the FAC Chair, rather than the FAC as a whole.

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, the external auditors and other subject matter experts to advise the Board:
  - a. On 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 investment performance 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. Incur 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 protect intellectual property, information and files from loss or significant damage or records management requirements as outlined in the Administrative Agreement;
5. Fail to adequately deal with any recommendations received from the auditors;
6. Endanger the organization's public image or credibility, particularly in ways that would hinder its accomplishment of its priorities or policies; and
7. 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 provide a verbal attestation to the Board on its fulfillment of its duties which will be minuted.

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

Unless the FAC is comprised of all Board members (operating as a committee of the whole), 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                                                                   | ✓        |    |    | ✓  |
| <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                                             | ✓        |    |    |    |

| Activity (continued)                                                                                                                                                       | Schedule |    |    |    |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----|----|----|
|                                                                                                                                                                            | Q1       | Q2 | Q3 | Q4 |
| <b>Internal Controls and Financial Risk</b>                                                                                                                                |          |    |    |    |
| 1) Review integrity of the system of internal controls<br>a. Administrative Approval Authority Matrix<br>b. Fraud and Error Questionnaire<br>c. Internal Control Narrative |          |    |    | ✓  |
| 2) Review Areas of Principal Risk Report for format and appropriateness of content                                                                                         | ✓        |    |    |    |
| 3) Review insurance requirements and coverage amounts                                                                                                                      | ✓        |    |    |    |
| 4) Industry Financial Model<br>a. Industry costing and fee recommendations, as necessary                                                                                   |          |    |    |    |
| 5) Review the impact of any litigation on financial reporting                                                                                                              |          |    |    | ✓  |
| 6) Review if Investment Policy is satisfactory                                                                                                                             |          |    | ✓  |    |
| 7) Review investment performance with the portfolio manager                                                                                                                |          |    | ✓  |    |
| 8) Review if Operating Reserve & Cash Balance Policy is satisfactory                                                                                                       |          |    | ✓  |    |
| 9) Review management-prepared operating quarterly financial statements and 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                                                                       | ✓        | ✓  | ✓  | ✓  |
| <b>Other</b>                                                                                                                                                               |          |    |    |    |
| 1) Provide an annual verbal attestation to the Board on its fulfillment of duties                                                                                          |          |    |    | ✓  |
| 2) Unless the FAC is comprised of all Board members (operating as a committee of the whole), provide oral reports to the Board                                             | ✓        | ✓  | ✓  | ✓  |
| 3) Monitor the executive limitations                                                                                                                                       |          |    |    | ✓  |
| 4) Review Terms of Reference annually                                                                                                                                      |          |    | ✓  |    |

## Appendix D – Terms of Reference for the Governance and 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 and composition 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 diversity, knowledge, skills, abilities and competencies as stated in section 4.3 of the Board Governance Manual.
2. Review annually Directors' competencies; general knowledge, skills and experience; specific knowledge, skills and experience; and diversity. The Committee will identify any gaps that may exist as identified in the Director Competency & 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, individual Director, Board Chair, Committee Chair and Corporate Secretary 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, Committee Chairs and the Corporate Secretary.
2. Conduct annual Board, Director, Board Chair, Committee Chair and Corporate Secretary evaluations.
3. Confirm areas of Board and/or Committee development.
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 Code of Conduct & Conflict of Interest Policy 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 code of conduct or conflict of interest issues.

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

### **3.5. Board Chair Succession**

The GNC will:

1. Oversee Board Chair succession planning in accordance with Board policy, including both short-term or emergency and planned, long-term succession.
2. Annually, through the Committee Chair, discuss succession intentions with the Board Chair as part of the evaluation feedback process.
3. Oversee the designation, on an annual basis, of a role to serve as interim Board Chair for emergency or short-term absences, where required.
4. Confirm, in advance of an anticipated Board Chair transition, desired criteria for Board Chair candidates and oversee succession planning or recruitment activities consistent with that criteria.
5. Make recommendations to the Board related to Board Chair succession planning, as appropriate.

## **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, at the discretion of the Committee Chair, 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 provide a verbal attestation to the Board on its fulfillment of its duties which will be minuted.

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

Unless the GNC is comprised of all Board members (operating as a committee of the whole), 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 the Director Competency & Skills Matrix                                                                                                                                                                |          |    | ✓  |    |
| 2) Determine need for recruitment                                                                                                                                                                                |          |    | ✓  |    |
| <b>Annual Evaluations</b>                                                                                                                                                                                        |          |    |    |    |
| 1) Review annual evaluation processes                                                                                                                                                                            |          |    | ✓  |    |
| 2) Commence annual evaluations                                                                                                                                                                                   |          |    |    | ✓  |
| 3) Through the Committee Chair, review Board Chair feedback and succession intentions with the Board Chair                                                                                                       | ✓        |    |    |    |
| 4) Provide recommendations to the Board                                                                                                                                                                          | ✓        |    |    |    |
| 5) Review progress on identified areas for Board development                                                                                                                                                     |          | ✓  |    | ✓  |
| <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 three years                                                                                                                                      |          |    | ✓  |    |
| 5) Monitor Executive Limitations as assigned by the Board                                                                                                                                                        |          |    |    | ✓  |
| 6) Ensure Code of Conduct & Conflict of Interest Policy and Declaration form is signed annually by Board Directors, monitor compliance and review summary report                                                 | ✓        |    |    |    |
| 7) Oversee the designation, on an annual basis, of a role to serve as interim Board Chair for emergency or short-term absences, where required.                                                                  |          |    |    | ✓  |
| <b>General</b>                                                                                                                                                                                                   |          |    |    |    |
| 1) Provide an annual verbal attestation to the Board on its fulfillment of duties                                                                                                                                |          |    |    | ✓  |
| 2) Unless the GNC is comprised of all Board members (operating as a committee of the whole), provide oral reports to the Board                                                                                   | ✓        | ✓  | ✓  | ✓  |

## Appendix E – 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,
      - (b.1) a person in respect of whom a certificate of incapability is issued under the *Adult Guardianship Act*, unless the certificate is subsequently cancelled under section 37 (4) of that Act,
    - (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 F – Terms of Reference for the Human Resources and 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 provide a verbal attestation to the Board on its fulfillment of its duties which will be minuted.

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

Unless the HRCC is comprised of all Board members (operating as a committee of the whole), 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>                                                                                                  |          |    |    |    |
| 1) Review CEO and senior management succession plans and receive regular monitoring reports                                                                 |          |    | ✓  |    |
| 2) Coordinate CEO recruitment and retain independent recruitment firm, if required                                                                          |          |    |    |    |
| 3) Establish and recommend a CEO evaluation process for the following year; retain independent consultant to assist if required                             |          |    |    | ✓  |
| 4) Recommend previous year completed CEO evaluation to Board;<br>Recommend current year CEO goals to Board                                                  | ✓        |    |    |    |
| 5) Chair of Board and Chair of HRCC reviews completed evaluation with CEO                                                                                   | ✓        |    |    |    |
| 6) Receive mid-year CEO goals for informational purposes                                                                                                    |          | ✓  |    |    |
| <b>Monitoring Human Resource Policies &amp; Engagement</b>                                                                                                  |          |    |    |    |
| 1) Monitor the executive limitations                                                                                                                        |          |    |    | ✓  |
| 2) Receive and review annual employee engagement results                                                                                                    | ✓        |    |    |    |
| 3) Advise the Board of any non-compliance and provide to the Board any appropriate recommendations, as required                                             | ✓        | ✓  | ✓  | ✓  |
| 4) Retain independent consultant, if required, to assist with review                                                                                        |          |    |    |    |

| Activity (continued)                                                                                                            | Schedule |    |    |    |
|---------------------------------------------------------------------------------------------------------------------------------|----------|----|----|----|
|                                                                                                                                 | Q1       | Q2 | Q3 | Q4 |
| <b>Other</b>                                                                                                                    |          |    |    |    |
| 1) Provide an annual verbal attestation to the Board on its fulfillment of duties                                               |          |    |    | ✓  |
| 2) Unless the HRCC is comprised of all Board members (operating as a committee of the whole), provide oral reports to the Board | ✓        | ✓  | ✓  | ✓  |
| 3) Review HRCC Terms of Reference annually                                                                                      |          |    | ✓  |    |
| 4) Review excluded employee compensation model annually                                                                         | ✓        |    |    |    |
| 5) Review CEO job description annually, or in the event of a material change in job duties                                      | ✓        |    |    |    |

## Appendix G – 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; exception:
  - Taking minutes during in-camera meetings.
- 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 and Nominating Committee);
- Acting as a channel of communication and information for Directors;
- Administering the Code of Conduct and Conflict of Interest Policy 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.