



transportation  
investment  
corporation

# TI CORP BOARD GOVERNANCE MANUAL

# 1 CORPORATE GOVERNANCE GUIDELINES

## 1.1 INTRODUCTION

The Board of Directors (the 'Board') of Transportation Investment Corporation. ('TI Corp' or the 'Corporation') has a primary responsibility to foster the Corporation's short and long-term success consistent with the Board's responsibility to the Corporation's shareholder, the BC Transportation Financing Authority (the 'Shareholder'). The minister responsible for TI Corp is the Minister of Transportation and Infrastructure.

BC public sector organizations are directed to govern in the public interest by upholding principles of citizen-centred governance, namely to<sup>i</sup>:

1. Put the interests of citizens at the centre of decision making.
2. Behave with integrity, demonstrate strong commitment to ethical values and respect the rule of law.
3. Ensure openness and respectful engagement with all citizens.
4. Strive for outcomes that support healthy communities in British Columbia, including social, economic and environmental well-being.
5. Implement actions to achieve the organization's mandate.

The Board members are stewards of the Corporation. The Board has the responsibility to oversee the conduct of the Corporation's business. The Board, through the Chief Executive Officer (the "CEO") will set the standards of conduct for the Corporation.

These Guidelines complement the governance of the corporation as set out in Part 4.1 of the *Transportation Investment Act* and apply to, and are for the benefit of, the Board, the Board Chair, the CEO, the Chief Financial Officer ("CFO"), the Corporate Secretary, and such employees or officers as may be delegated from time to time to directly support the functioning or operations of the Board and its committees.

## 1.2 BOARD ADMINISTRATIVE GUIDELINES

The Board Terms of Reference and the *Transportation Investment Act* define the role, duties and powers of the Board. The following outlines the key guidelines governing how the Board will carry out its duties, and oversee the management of the business and affairs of the Corporation.

### 1.2.1 Relationship between the Board and the Provincial Government<sup>ii</sup>

The Board Chair is the main liaison between the board and government at the strategic level. The Board Chair and the minister responsible (or delegate) should communicate appropriately and regularly to build a positive relationship and to support open communication and collaboration.

### 1.2.2 Relationship between the Board and Management

Governance of an organization is about making decisions and directing the organization based on its mandate. Management is responsible for ensuring the direction set by the board is carried out. Management enforces policies, creates activities to carry out the strategic goals and reports back to the board on progress towards those goals. Operations is the day-to-day implementation of the organization's program and services.<sup>iii</sup>

The CEO reports to the Board and is responsible for leading the senior management team, developing and implementing the organization's goals and overseeing the day-to-day operations of the organization.<sup>iv</sup> The Board discharges its duty by overseeing the management of the Corporation.

The Board approves the goals, strategies and policies by which the business of the Corporation is managed, and then evaluates management's performance against such goals, strategies and policies. The CEO will inform the Board in a timely manner of the Corporation's progress towards achievement of its goals and all material deviations from the goals, strategies and policies approved by the Board. The CEO will also inform the Board of emerging public policy or other issues that are of major strategic importance and provide recommendations on how the Corporation should respond to those matters.

The Board governs as a group: individual directors are not empowered with individual decision-making authority, regardless of role<sup>v</sup> and works to support and guide the CEO in fulfilling the CEO's duties to manage the Corporation.

### 1.2.3 Terms of Reference

Terms of Reference for the Board, Board Chair, and all committees are reviewed annually by the Human Resources and Governance Committee (the "HRG Committee").

In addition, the Audit and Risk Management Committee (the 'ARM Committee') will review its terms of reference annually and provide any proposed amendments to the HRG Committee for its consideration.

Any proposed changes are recommended to the Board by the HRG Committee.

### 1.2.4 Corporate Strategy

Management is responsible for development of the strategic plan to be presented to the Board annually. The Board's role is to ensure that it reviews, questions, validates and ultimately endorses the strategic plan for the Corporation. The strategic plan will guide the preparation of the Corporation's business plan and annual budget.

### 1.2.5 Business Risks

The ARM Committee will continually keep the Board apprised of the risks associated with the Corporation's business as informed by Management.

### 1.2.6 Communications

The CEO and the Board Chair act as the primary spokespersons for the Corporation, including

interfacing with the Government of BC and other stakeholders. The Shareholder will also speak on behalf of the Corporation.

The Board Chair and the CEO will have regular meetings or communications with the Shareholder and other senior provincial officials. The Board Chair and the CEO are expected to keep the Board informed on key matters from meetings or communications with the Shareholder and/or senior provincial officials.

It is expected that the Government of BC and the public who are interested in the Corporation will, from time to time, communicate their ideas, concerns and questions to directors rather than to Management. Directors may also be approached directly to speak publicly about the Corporation. It is important that directors inform the Board Chair of such communications and or communication requests so that proper action can be taken and accurate responses are made by the appropriate Corporation representative.

#### 1.2.7 Management Succession Planning and Development

The CEO will report out annually to the HRG Committee on the Corporation's succession and Management development plans.

#### 1.2.8 Board Composition

The Board is to consist of no more than 7 directors appointed by the board of directors of the BC Transportation Financing Authority. The chair of the board is a director who is designated in writing as chair by the Minister of Transportation and Infrastructure.<sup>1</sup>

#### 1.2.9 Board Committees

The board may establish committees of the board to assist the board.<sup>2</sup>

The function of the committees is to assist and complete the work of the Board. Committees are able to take a deeper examination of issues. The role of the committees is to support, not supplant, Board responsibility.

The Board has developed a set of guidelines that apply to all committees. At present, there are two (2) committees. The terms of reference for the following committees can be found as follows: **[Note: Assumes a board of at least 5 directors.]**

- (a) ARM Committee – Appendix A
- (b) HRG Committee – Appendix B

The committee structure is subject to change from time to time as the Board considers which of its responsibilities will best be fulfilled though more detailed review by a committee. The Board may establish ad hoc committees to undertake a specific task.

The committee chair will develop the agenda for each committee meeting in consultation with Management. Each committee will report in a timely manner to the Board on the results of its meetings.

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<sup>1</sup> Section 24.3 *Transportation Investment Act*

<sup>2</sup> Section 24.34(4) *Transportation Investment Act*

The Board Chair is responsible for proposing the leadership and membership of each committee. In proposing committee membership, the Board Chair will take into account the preferences, skills and experience of each director.

The committee chairs and members are appointed as needed to fill vacancies during the year. The Board may rotate committee leadership and membership to recognize and balance the need for new ideas and continuity.

#### 1.2.10 Board Procedures<sup>3</sup>

The Board meets a minimum of four times each year on dates determined by the Board. The Board Chair is to preside at all meetings of the board. In the absence of the Board Chair, the directors who are present must designate one of those present to preside.

A majority of the directors holding office constitutes a quorum at meetings of the board. The affirmative votes of the majority of the directors present at a meeting of the board at which quorum is present is sufficient to pass a resolution or bylaw of the corporation. A director may participate in, and vote at, a Board meeting: in person; by telephone, videoconference or other communication medium if all directors participating in the meeting are able to communicate with each other. A director participating in such a meeting by any such means is deemed to be present at the meeting.

A resolution consented to in writing by all directors, whether by email, facsimile or other electronic transmission, will be as valid and effective as if it had been regularly passed at a meeting of the directors duly called and held.

#### 1.2.11 Board Materials

The Board Chair, in consultation with the CEO and the Corporate Secretary or delegate, will develop and issue the agenda for each Board meeting. Under normal circumstances, the agenda and meeting materials will be distributed to the directors not less than five (5) business days before the meeting. Any director may suggest additions to the agenda. Under some circumstances, due to the nature of matters to be discussed, it would not be prudent to distribute written materials in advance.

Material distributed to the directors in advance of Board meetings should be complete and concise and prepared in a way that focuses attention on critical issues to be considered and the decisions required from the Board. Materials assembled in support of Board meetings will be coordinated by the Corporate Secretary or delegate who will distribute it with the Board meeting agenda.

Matters that are brought to the Board for a decision, particularly those of a strategic or financial matter, will be in a format, and at a level and type of information, that enables the Board to make a decision.

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<sup>3</sup> These board procedures were approved at the December 13, 2018 board meeting and mirror the language that had been in the *Transportation Investment Act* prior to April 1, 2018. Section 24.34(3) of the *Transportation Investment Act* gives the board the power to pass resolutions respecting the calling and holding of meetings and the procedures to be followed at the meetings.

#### 1.2.12 Board Relations with Management

Although, all directors can contact the Corporation's Management, it is expected that directors will exercise judgement to ensure that their contacts will not distract from the Corporation's business operations and do not interfere in Management decisions. The Board Chair and CEO are expected to be the main conduit between the board and management between board meetings.

The Board encourages individual directors to make themselves available when requested for consultation by Management outside of Board meetings in order to provide specific advice and counsel on subjects where such directors have special knowledge, experience and expertise.

#### 1.2.13 Criteria for Board Membership

The Shareholder appoints the directors with the support of Crown Agencies and Board Resourcing Office ("CABRO"). For purposes of future board recruitment and to ensure that the TI Corp Board of Directors has the necessary competencies to discharge its duties, an assessment of the Board's collective competencies is maintained. This matrix may be shared with CABRO as the Board has a responsibility to provide the Shareholder with advice regarding the needs of the Corporation and the criteria the Shareholder might consider when making appointments.

#### 1.2.14 Director's Code of Conduct and Conflict of Interest Guidelines

Directors will review the Director's Code of Conduct and Conflict of Interest Guidelines (the 'Code') and confirm their support and understanding of the Code by completing and signing a Form of Annual Declaration for Board Members annually or whenever there may be further information or a change in circumstance relevant to TI Corp's conflict of interest procedures for directors. This specifically may incur during a project's procurement phase.

#### 1.2.15 New Director Orientation and Development

New directors will be provided with an orientation and education program which will include written information about the duties and obligations of directors, the business and operations of the Corporation, documents from recent Board meetings, and opportunities for meetings and discussion with the Management and other directors. *Freedom of Information and Protection of Privacy Act* training will be part of board education. The orientation and on-boarding for each new director will be tailored to that director's needs and areas of interest.

#### 1.2.16 Board Performance Assessment

The HRG Committee is responsible for ensuring that there is a process for assessing the performance of the Board and its committees. The objective of this review is to contribute to a process of continuous improvement in the Board's execution of its responsibilities. The review should identify where the directors believe that the Board could be working more effectively.

The Board performance assessment may change from year to year on the recommendation of the HRG Committee and summary results may be shared with CABRO upon request.

#### 1.2.17 Director Compensation

The corporation may pay a director remuneration and expense allowances at rates set by the minister.<sup>4</sup> Treasury Board provides guidance as to director compensation. Director compensation and expense reimbursement guidelines can be found in Appendix C.

#### 1.2.18 Term of Service

The Shareholder determines the term of Directors. A person may be appointed as a director for a term of up to 3 years and may be reappointed for additional terms.<sup>5</sup>

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<sup>4</sup> See: Section 24.32 of the *Transportation Investment Act*

<sup>5</sup> See: Section 24.31 of the *Transportation Investment Act*

## 2.1 INTRODUCTION

TI Corp is governed by the *Transportation Investment Act* which sets out that the corporation is to be managed by a board of directors.

### 2.1.1 Composition and Board Organization

The board is to consist of no more than 7 directors appointed by the board of directors of the corporation's shareholder, BC Transportation Financing Authority.<sup>6</sup> A person may be appointed as a director for a term of up to 3 years and may be reappointed for additional terms.<sup>7</sup>

The Board may establish committees of the board and may, by resolution, generally delegate any power or duty of the board to Board committees.<sup>8</sup> The responsibilities of those committees are set forth in terms of reference applicable to such committees and appended to this Board manual, when applicable.

### 2.1.2 Key Areas of Governance Responsibility<sup>vi</sup>

- **Oversight and monitoring in the public interest** – by overseeing organizational performance and ensuring the activities of the organization align with the mandate.
- **Developing the organization's capacity and culture** – by, together with the CEO, building a common understanding of an organizational culture and philosophy that will best support the organization's mandate.
- **Effective leadership** – by ensuring the organization's senior leadership has what it needs to succeed.
- **External context and perspective** – by providing a variety of perspectives and insights to the work of the organization

### 2.1.3 Three Modes of Governance<sup>vii</sup>

There are three modes of governance: fiduciary, strategic and generative which govern three different types of conversations that need to happen at the board table. These conversations become tools that help board members to become empowered to make the right types of decisions, harness the collective wisdom of the board and improve board performance.

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<sup>6</sup> Section 24.3(2) *Transportation Investment Act*

<sup>7</sup> Section 24.31 *Transportation Investment Act*

<sup>8</sup> Section 24.3(4)-(5) *Transportation Investment Act*. Note: the only powers that may not be delegated are: the power to establish committees; the power to pass resolutions respecting board procedures and the power to delegate.



	FIDUCIARY	STRATEGIC	GENERATIVE
Function	Legal, operational and oversight duties	Develop a plan to meet the organizational mandate	Align behaviours, practices and actions with the mandate
Driver	Internal governance policies and meeting public sector compliance requirements	Analysis of trends as well as evaluating strengths and opportunities	Reflection on values culture and commitment to the core mandate
Key questions	<i>Can we afford it? Is it legal? Are we doing it right? Is this within our mandate?</i>	<i>Is this the best way to achieve our goal? What external factors may influence the outcomes of our strategy?</i>	<i>Are we asking the right questions? What assumptions are we making about our mandate?</i>

2.1.4 Duties and Responsibilities

The Board has a fiduciary duty to act in the best interests of the corporation and must manage the affairs of the corporation or supervise the management of those affairs. The Board may pass the resolutions it considers necessary or advisable for the management and conduct of the affairs of the corporation and the exercise of the powers and duties of the Board.<sup>9</sup>

The Board must carry out its responsibilities honestly and in good faith, and in doing so must exercise due care and diligence.

Board members must collectively govern TI Corp in a manner consistent with its mandate and policy directions.<sup>viii</sup>

TI Corp’s mandate is derived from<sup>ix</sup>:

- Enabling legislation, namely the *Transportation Investment Act*,
- Letter of Direction – from the Minister of Transportation and Infrastructure
- As well as any:
  - Directive letters;
  - Service level agreements, including the Master Major Project Delivery Agreement; and
  - Memoranda of understanding.

The Board is to interpret the Corporation’s mandate as set out by the Shareholder, provide strategic direction to the Corporation’s Management, approve the direction of the business, and oversee and report on the progress of the Corporation in meeting its objectives.

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<sup>9</sup> Section 24.34(1)-(2) *Transportation Investment Act*

General responsibilities include:

- (a) Managing Board matters: oversee Board and committee composition, Board process and guidelines, and approve Corporation policies.
- (b) Shareholder Mandate/Direction: oversee Management's implementation of shareholder direction,
- (c) Human Resources: selection, appointment, compensation review, and evaluation of, the CEO; approve acceptance of outside directorships by the CEO; and ensure Management succession planning program and development.
- (d) Strategy and Plans: review and approve the Corporation's strategic initiatives, annual business plan and budget, and ensure consistency with Shareholder direction.
- (e) Financial and Corporate Issues: review financial, accounting and internal control systems to ensure that appropriate risk management systems, corporate insurance policies, codes of conduct and conflict of interest guidelines, are in place.
- (f) Reporting and Communications: accountability to the Shareholder and compliance with any reporting requirements of the Government of BC.

Specific accountabilities include:

- (a) Review and approve all project information, including scope, schedule and budget, prior to any submissions to Treasury Board.
- (b) Ensure Management identifies the principal risks of the Corporation's business and implements appropriate systems to manage these risks.
- (c) Review quarterly financial results, at both the project and corporate levels, and approve annual audited financial statements.
- (d) Approve list of officers for banking resolutions.
- (e) Ensure the Corporation has in place effective communications processes with the Shareholder and other key stakeholders and review and approve any suggested changes to the Master Major Project Delivery Agreement among the Corporation, BCTFA and the Ministry of Transportation and Infrastructure.
- (f) Oversee the Corporation's progress in meeting its corporate goals.

## 2.2 GENERAL OBLIGATIONS OF THE BOARD OF DIRECTORS

The Board has a fiduciary duty to act in the best interests of the corporation and must manage the affairs of the corporation or supervise the management of those affairs and

- may exercise the powers conferred on it under the *Transportation Investment Act*;
- may exercise the powers of the corporation on behalf of the corporation; and,
- must supervise the delegation of any of its powers and duties.<sup>10</sup>

The Board is responsible for directing Management to ensure legal requirements have been met, and documents and records have been properly prepared, approved and maintained.

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<sup>10</sup> Section 24.34(1) *Transportation Investment Act*

### 3.1 INTRODUCTION

The chair of the board is a director who is designated in writing as chair by the minister.<sup>11</sup>

The Board Chair's primary role is to provide leadership to ensure the board can effectively govern TI Corp by guiding board activities and presiding at Board meetings<sup>x</sup>.

The Board Chair is an *ex-officio* member of committees where he/she is not appointed as a full member.

### 3.2 DUTIES AND RESPONSIBILITIES<sup>xi</sup>

The Board Chair has the following specific responsibilities:

- (a) Establishing a culture of active and constructive board engagement, including: effectively facilitating open, candid dialogue and encouraging healthy debate among board members; and, leading the board to consensus and closure on critical issues;
- (b) Liaising with the Shareholder on behalf of the Board, including communicating appropriately with the Minister to advise on issues that materially impact the business of TI Corp or the interests and accountabilities of the Minister and government<sup>xii</sup>;
- (c) Building and maintaining a sound working relationship with the CEO including ensuring the CEO is aware of relevant issues of concern to the Board and other stakeholders;
- (d) Working closely with the CEO to cultivate an effective relationship between the board and the executive team<sup>xiii</sup>;
- (e) Facilitating the Board's understanding, consideration, oversight and approval of major corporate initiatives;
- (f) Leading Board governance reviews and acting as a champion of good corporate governance;
- (g) Engaging with the Crown Agencies and Board Resourcing Office regarding board recruitment, performance management and ethical conduct on the board including conflict of interest identification and management;
- (h) Overseeing the remuneration and expenses paid to directors<sup>xiv</sup> and,
- (i) Acting as the primary spokesperson for the Board.

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<sup>11</sup> Section 24.3(3) *Transportation Investment Act*. Note: in the absence of a chair designation by the minister, the chair may be appointed by the board.

## 4.1 INTRODUCTION

The CEO is appointed by<sup>12</sup>, and reports to, the Board and maintains open communication with the Board Chair and Board. The chief executive officer is responsible for general supervision and direction of the operations of the corporation and its staff and must carry out those functions and perform those duties that are specified in the resolutions of the board.<sup>13</sup>

The CEO has a wide range of responsibilities and accountabilities that contribute to the overall achievement of the Corporation's business objectives. The CEO provides leadership, overall supervision, management and control of the operations of the Corporation on a day-to-day basis in accordance with the strategic plan and policies approved by the Board.

The CEO is responsible to develop and effectively implement the vision of the Corporation as necessary to realize the Corporation's business objectives, and maintain strong relationships with the Shareholder, clients and stakeholders.

## 4.2 DUTIES AND RESPONSIBILITIES

### .2.1 Board of Directors

The CEO is responsible to ensure that the Board has all the information necessary to properly exercise its responsibilities. The CEO reports to the Board on a timely basis, on all relevant information regarding the Corporation's operations, and develops and presents alternatives and recommends courses of action to the Board for its consideration.

### .2.2 Shareholder Engagement<sup>xv</sup>

The CEO may assist the Board Chair when reporting to the Minister.

The CEO will advise the Deputy Minister of issues and opportunities that could impact the business of the public sector organization at strategic and operational levels.

The Deputy Minister will work with the CEO to ensure alignment with current mandate, provide the Minister with information required to make informed decisions and to implement decisions made by the Minister and Cabinet with respect to TI Corp.<sup>xvi</sup>

### .2.3 Stakeholder Engagement

The CEO is responsible to establish and maintain positive and productive relationships with stakeholders. In this capacity, the CEO serves as primary spokesperson for the Corporation and promotes collaborative cooperation towards achieving a common vision.

### .2.4 Strategic Planning

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<sup>12</sup> Section 24.35(1) *Transportation Investment Act*

<sup>13</sup> Section 24.35(3) *Transportation Investment Act*

In collaboration with the rest of the leadership team, the CEO formulates and recommends to the Board the annual business plan which identifies priority issues the Corporation will focus on, measure and report back through quarterly reporting to the Board. The CEO also presents operating and capital expenditure budgets to the Board for approval, and has overall accountability for achieving the Corporation's business objectives.

#### .2.5 Financial Management

In collaboration with the Executive Project Directors and the Chief Financial Officer ("CFO"), the CEO develops an annual budget, prepared in the context of TI Corp's strategic plan, for recommendation to the Board.

The CEO ensures the efficient utilization of financial resources within established policies of the Corporation, making appropriate and timely financial and management decisions. The CEO is responsible to ensure the use of an effective financial performance measurement system, and financial management and record-keeping and administrative systems to ensure efficient utilization of TI Corp's financial resources within the objectives, policies, plans and budgets established by the Board.

The CEO, in conjunction with the CFO, will report out on the Corporation's financial position and prepare operating forecasts on a quarterly basis. The CEO will also ensure that all reporting requirements of the Shareholder are met in a timely and appropriate manner.

#### .2.6 Corporate Policy

The CEO ensures that the Corporation's operations and activities are conducted in accordance with laws, regulations,, sound business practice, and any other policies and practices approved by the Board.

The CEO will also foster a corporate culture that promotes ethical practices and encourages individual integrity and social responsibility.

#### .2.7 Communications

The CEO ensures the effective communication of the Corporation's strategies, objectives and performance to create a positive Corporation profile. He/she develops and maintains positive and productive relationships with key stakeholders and acts as the Corporation's spokesperson.

#### .2.8 Human Resources

The CEO may appoint those officers and employees of the corporation that are necessary to carry on the business and operations of the corporation and may define their duties.<sup>14</sup>

The CEO is responsible to manage the Corporation's compensation plan, consistent with policies and approvals from the Public Sector Employers' Council.

The CEO leads staff in their achievement of business objectives with integrity, fairness and transparency. Providing strong and effective leadership to all employees, the CEO creates an environment which

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<sup>14</sup> Section 24.36 *Transportation Investment Act*

attracts and retains appropriate talents. The CEO ensures that TI Corp has a safe workplace environment and that all staff are motivated, guided and directed to contribute fully to realizing the Corporation's mission, vision, goals and objectives.

The CEO is also responsible to develop and maintain an effective organizational structure, and develop a Management succession plan.

## APPENDIX A – AUDIT AND RISK MANAGEMENT COMMITTEE TERMS OF REFERENCE

### 1. INTRODUCTION

The primary function of the Audit and Risk Management Committee (the 'ARM Committee') is to assist the Board in fulfilling its oversight responsibilities by reviewing:

- The financial information that is provided to the Government of BC and the public;
- The systems of internal controls that Management has established;
- All audit processes; and
- Compliance with laws, regulations and policies that may apply.

The primary responsibility for the financial reporting, information systems, risk management and internal controls of TI Corp is vested with Management and is overseen by the Board.

The board of directors is responsible for providing risk management oversight and determining what level and type of risks the organization is willing to accept (i.e., risk tolerance) as well as ensuring that the organization has an effective Enterprise Risk Management ("ERM") program in place.<sup>xvii</sup>

### 2. COMPOSITION AND OPERATIONS

- The ARM Committee will be composed of a minimum of two directors. The Board shall appoint a Chair of the ARM Committee.
- All ARM Committee members will be financially literate and at least one will have accounting or related financial experience.
- The ARM Committee will meet at the call of the Committee Chair but at a minimum four times each year.
- The ARM Committee, with management's assistance, will create and maintain a meeting calendar/workplan for the year.
- The ARM Committee has access to any of the Corporation's documents as required to fulfill its responsibilities and is provided with the resources necessary to carry out its responsibilities.
- The ARM Committee may retain such special legal, accounting, financial or other consultants as the committee may reasonably determine to be necessary to carry out its duties at the Corporation's expense in accordance with the procedures for retaining professional advisors.
- The CFO provides support to the ARM Committee and shall attend all meetings of the Committee in an *ex-officio*, non-voting capacity.
- At the Committee Chair's request, the external auditor or other senior management may attend meetings in an *ex-officio*, non-voting capacity.



- The secretary to the ARM Committee will be either the Corporate Secretary or his/her delegate.

### 3. DUTIES AND RESPONSIBILITIES

The board is responsible for ensuring financial accountability and providing financial oversight, which includes<sup>xviii</sup>:

- Approving the organization's capital and operating budgets, which should align with their respective strategic and planning documents;
- Establishing and regularly reviewing financial policies and procedures;
- Ensuring that financial statements, internal controls, financial information systems, projections, forecasts and audited statements are accurate and reflect the financial reality of the organization;
- Approving major transactions;
- Ensuring compliance with legal and regulatory requirements; and,
- Ensuring that reporting, monitoring and accountability obligations are met.

Board responsibilities related to risk management include<sup>xix</sup>:

- Ensuring that senior management has developed a comprehensive, organization-wide ERM program to identify, assess, and manage risks and opportunities;
- Regularly reviewing the ERM program with senior management to understand key risks, how they are being managed, and implications for strategic and performance planning;
- Working with senior management staff to ensure open and transparent communication and use of risk information;
- Providing direction to senior management regarding the level and type of risk the organization is willing to accept, along with the rationale for the risk tolerance;
- Contributing to the development of the strategic direction and approving the strategic plan with a thorough understanding of the risks that may affect the achievement of the strategic objectives;
- Ensuring that the organization's key risk and related capacity considerations are disclosed in the strategic and performance planning documents and reports;
- Proactively communicating key risk information with the ministry and identifying what level and type of risk must be communicated;
- Ensuring that the ERM program is evaluated periodically and is improved continuously; and,
- Ensuring that the organization has an appropriate risk financing program in place.

Subject to the powers and duties of the Board, the ARM Committee will perform the following duties:

#### **Financial Statements and Other Financial Information**

The Committee will review and, where appropriate, approve or recommend for approval to the Board financial information that will be made available to the Shareholder. This includes:

- TI Corp's annual audited financial statements and report to the Board before the statements are approved by the Board;
- TI Corp's quarterly financial statements;

- The annual business plan and operating and capital budgets.

The ARM Committee will review and discuss:

- The appropriateness of accounting policies and financial reporting practices;
- Any significant proposed changes in financial reporting and accounting policies and practices to be adopted by TI Corp;
- Any new or pending developments in accounting and reporting standards that may affect TI Corp;
- Any legal matter, claim or contingency that could have a significant impact on the financial statements and/or compliance policies; and
- Management's key estimates and judgments that may be material to financial reporting.

### **Risk Management, Internal Controls and Information Systems**

The ARM Committee is responsible for<sup>xx</sup>:

- Regularly reviewing the organization's risk exposure and identifying signals that indicate problems;
- Ensuring that the organization has appropriate systems in place to identify, assess and manage risk;
- Regularly reviewing the organization's internal control framework to ensure that the controls are valid and effective; and,
- Ensuring that all public reporting by the organizations presents a complete, accurate and balanced picture of the organization's performance and risk exposure.

The ARM Committee will review and obtain reasonable assurance that the risk management systems, and internal controls and information systems, are operating effectively to produce accurate, appropriate and timely management and financial information. This includes:

- Ensuring that the Corporation's information systems are reliable and the systems of internal controls are properly designed and effectively implemented through discussions with, and reports from, Management and the external auditor;
- Ensuring that Management's steps to implement and maintain appropriate internal control procedures include a review of significant financial policies;
- Adequacy of security of information, information systems (including cybersecurity) and recovery plans;
- Ensuring that the Corporation is compliant with statutory and regulatory obligations;
- Ensuring that the Corporation has adequate accounting and finance resources.

### **External Audit**

The ARM Committee will review the planning and results of external audit activities and the ongoing

relationship with the external auditor. This includes:

- When the Auditor General of BC has opted not to audit TI Corp directly, review and recommend to the Board the appointment of the external auditor;
- Approve, in advance the terms of the external audit engagement and the associated fees.
- Review the annual external audit plan, including but not limited to the following:
  - engagement letter;
  - objectives and scope of the external audit work;
  - changes in independent accounting and auditing standards;
  - materiality limit;
  - areas of audit risk;
  - staffing;
  - timetable; and
  - proposed fees.
- Meet with the external auditor to discuss the Corporation's annual financial statements and the auditor's report, including the appropriateness of accounting policies and underlying estimates;
- Review and advise the Board with respect to the planning, conduct and reporting of the annual audit, including but not limited to:
  - any difficulties encountered, or restrictions imposed by Management, during the annual audit; and
  - any significant accounting or financial reporting issue.
- Review the post-audit, or management letter, containing any material findings or recommendations of the external auditor, including Management's response thereto and the subsequent follow-up to any identified internal control weaknesses;
- Review and receive assurances on the independence of the external auditor;
- Meet at least annually with the external auditor without Management present.

#### **Other**

- Review, and recommend to the Board for approval, the organization's annual Statement of Financial Information ("SoFI"), prepared by management in accordance with the Financial Information Act ;
- Satisfy itself as to the integrity of TI Corp's financial information systems, internal control over financial reporting and the competence of the accounting personnel and senior financial management responsible for accounting and financial reporting;

- Review, and recommend to the Board for approval, any material contracts or payments requiring Board approval in accordance with the Signing Authority Matrix in the Master Major Project Delivery Agreement;
- Review, and recommend to the Board, any proposed material change to a project's scope, schedule or budget or a new project's business case prior to any submission to Treasury Board for its approval
- Review the terms of reference for the ARM Committee annually and make recommendations to the Board as required;

#### **4. ACCOUNTABILITY**

The ARM Committee will report its discussions to the Board by oral or written report at the next Board meeting.

## 5. ARM COMMITTEE TIMETABLE

The timetable outlines the ARM Committee's schedule of activities:

A. Financial Statements and Other Financial Information	Quarter Ending			
	Mar	Jun	Sept	Dec
Scheduled ARM Committee meeting				
i) Review and recommend:				
a) annual audited financial statements	✓			
b) report to the Board before statements approved by Board	✓			
ii) Review quarterly financial statements	✓	✓	✓	✓
v) Review and recommend approval of annual business plan and operating and capital budgets				✓
vi) Review and discuss current accounting policies and financial reporting practices, and proposed changes and new developments in accounting and reporting standards				✓
vii) Review and discuss Management's key estimates and judgments that may be material to the financial reporting				✓

	Quarter Ending			
	Mar	Jun	Sept	Dec
<b>B. Risk Management, Internal Control and Information Systems</b>				
Scheduled ARM Committee meeting				
i) Review risk management controls and policies			✓	
ii) Review information and internal control systems through discussions with and reports from management and external auditor	✓			
iii) Review implementation of information systems and internal controls	✓			
iv) Review adequacy of security of information, information systems (including cybersecurity) and recovery plans	✓			
v) Monitor compliance with statutory and regulatory obligations	✓	✓	✓	✓
<b>C. Internal Audit (as required and to be assessed annually)</b>	<b>Mar</b>	<b>Jun</b>	<b>Sept</b>	<b>Dec</b>
i) Review organization and independence of internal auditor				
ii) Review mandate goals, resources and work plans				
iii) Review any restrictions or problems				
iv) Review recommendations and significant responses				
v) Meet with the internal auditor without Management present				

D. External Audit	Quarter Ending			
	Mar	Jun	Sept	Dec
Scheduled ARM Committee Meeting				
i) Review and recommend appointment of external auditor		✓		
ii) Review external audit plan			✓	
iii) Meet with auditor to discuss:				
a) annual financial statements	✓			
b) auditor's report	✓			
iv) Review planning, conduct and reporting of annual audit and advise Board			✓	
v) Review auditor's evaluation of internal controls, procedures and documentation	✓			
vi) Review post-audit or management letter and Management's response	✓			
vii) Review any other matters the external auditor brings to the ARM Committee's attention	✓			
viii) Assess external auditor performance	✓			
ix) Review auditor's report on material subsidiaries, as applicable	✓			
x) Review external auditor independence			✓	
xi) Review non-audit services to be provided by external auditor's firm and consider impact on external auditor independence			✓	
xii) Meet with the external auditor without Management present	✓			

E. Other	Quarter Ending			
	Mar	Jun	Sept	Dec
Scheduled ARM Committee Meeting	May	Aug	Nov	Jan
i) Review insurance coverage of significant business risks and uncertainties				✓
ii) Review material litigation and its impact on financial reporting	✓	✓	✓	✓
iii) Review complaint procedures				✓
iv) Review policies and procedures in the Financial Policy Manual for review and approval of officers' expenses and perquisites			✓	
v) Review high level expenses: Board Chair and Management	✓		✓	
vi) Review ARM Committee terms of reference and make recommendations to the Board		✓		
vii) Review compliance regarding statutory filings and requirements	✓	✓	✓	✓
viii) Provision for independent counsel for ARM Committee			✓	



## APPENDIX B – HUMAN RESOURCES AND GOVERNANCE COMMITTEE TERMS OF REFERENCE

### 1. INTRODUCTION

The purpose of the Human Resources and Governance Committee (the 'HRG Committee') is to provide assistance to the Board by providing strategic and policy-level advice and direction to management on matters that result in effective:

- (a) corporate governance policies and practices, having regard for the need to allow the Board to function independently of management; and
- (b) human resources and compensation policies and practices.

### 2. COMPOSITION AND OPERATIONS

- The HRG Committee will be composed of a minimum of two members of the Board. The Board will appoint a Chair of the Committee.
- The HRG Committee will meet at will meet at the call of the Committee Chair but at a minimum four times each year.
- The HRG Committee may retain such external advisors as the committee may reasonably determine to be necessary to carry out its duties at the Corporation's expense in accordance with the procedures for retaining professional advisors.
- The [CEO] provides support to the HRG Committee and shall attend all meetings of the Committee in an *ex-officio*, non-voting capacity.
- The HRG Committee, with management's assistance, will create and maintain a meeting calendar/workplan for the year.
- The secretary to the HRG Committee will be the Corporate Secretary or his/her delegate.

### 3. DUTIES AND RESPONSIBILITIES

#### Human Resources

All duties and responsibilities of the HRG Committee set out below are subject to the powers and duties of the Board. Unless otherwise specified or appropriate, the HRG Committee will (i) initially develop; and (ii) thereafter on an annual basis review and approve and/or recommend that the Board approve, the following matters:

- The Corporation's compensation plan, philosophy, and guidelines and ensuring they are in alignment with government direction.

- The disclosure of executive compensation prepared by staff and when applicable, recommend the Board Chair sign an attestation confirming the executive compensation disclosure is accurate, was within approved compensation plans and complies with disclosure guidelines.<sup>xxi</sup>
- The terms of employment for the CEO.
- Setting the CEO's annual performance plan. The Board Chair and Chairs of the HRG and the ARM Committees will undertake the CEO performance evaluation.
- The CEO's compensation, including, where applicable, allowances, benefits and pension plans.
- Review and recommend to the board a succession plan to deal with a planned or unplanned departure of the CEO.
- Review any significant outside commitments which the CEO is considering before the commitment is made annually and on an on-going basis. This includes commitments to act as a director or trustee of for-profit and not-for-profit organizations.
- Review the organization's human resources policies from time to time.
- In consultation with the CEO:
  - ♦ Provide overall guidance, context and oversight for succession planning for the organization.
  - ♦ Ensure a sufficient Management development and succession plan is in place to provide qualified Management for succession to executive positions at TI Corp.
  - ♦ The appointment of, and compensation for, the leadership team. External reviews of executive and staff compensation may be conducted at the discretion of the Board.
  - ♦ Major changes in the organizational structure, as proposed by the CEO, on an ad hoc basis.
  - ♦ Review of annual employee satisfaction/workplace engagement survey results.

### **Governance**

All duties and responsibilities of the Committee set out below are subject to the powers and duties of the Board. Unless otherwise specified or appropriate, the HRG Committee will (i) initially develop; and (ii) thereafter on an annual basis review and approve and/or recommend that the Board approve, the following matters:

- A Board competency matrix to assist in developing recommendations regarding essential and desired skills for potential directors; and, in consultation with the Board Chair and the CEO, recommend to the Board the criteria the Shareholder should consider when appointing directors to the TI Corp Board.
- An orientation plan for new directors.

- Ongoing development of directors.
- The Board Manual outlining the policies and procedures by which the Board operates and the terms of reference for the Board, the Board Chair, Board committees and the CEO.
- In consultation with the Board Chair, the needs of the Board in terms of the frequency and location of Board and Committee meetings, meeting agendas, reports and information and the conduct of meetings.
- Periodically implement an appropriate evaluation process for the Board and its Committees.
- Together with Management, develop and monitor such organizational policies as determined appropriate by the Board to be necessary for the ongoing operations and ensure ongoing adherence to these policies through periodic reporting by Management to the HRG Committee.
- Provisions that enable the Board committee to engage separate independent counsel in appropriate circumstances to provide independent advice to ensure that the Board committee's interests are protected.
- Any reports on corporate governance that may be required or considered advisable and, if approved, oversee any actions necessary to implement such recommendations from the reports.
- At the request of the Board or the Board Chair, undertake such other corporate governance initiatives as may be necessary or desirable to contribute to the success of TI Corp.
- The HRG Committee's terms of reference.

#### **4. ACCOUNTABILITIES**

The HRG Committee will report its discussions to the Board by oral or written report at the next Board meeting.

## 5. HRG COMMITTEE TIMETABLE

The timetable outlines the HRG Committee's schedule of activities.

HUMAN RESOURCES	Quarter Ending			
	Mar	Jun	Sept	Dec
Scheduled HRG Committee meeting				
i) Compensation philosophy, strategy and guidelines		√		
ii) CEO terms of employment				√
iii) CEO performance evaluation				√
iv) CEO annual performance plan				√
v) CEO compensation				√
vi) CEO outside commitments			√	
vii) Management succession and development plans			√	
viii) Executive and Staff Compensation Review (as required)			√	
ix) Employee satisfaction survey	√			

	Quarter Ending			
<b>GOVERNANCE</b>	<b>Mar</b>	<b>Jun</b>	<b>Sept</b>	<b>Dec</b>
Scheduled HRG Committee meetings				
i) Board competency matrix	√			
ii) Review new director orientation		√		
ii) Director development review		√		
iii) Board manual review		√		
v) Board meetings and materials discussion		√		
vi) HRG Committee terms of reference		√		

## APPENDIX C – DIRECTOR COMPENSATION AND EXPENSE REIMBURSEMENT GUIDELINES

### 1. APPLICATION

Directors will be entitled to compensation and reimbursement of out-of-pocket expenses in accordance with these guidelines<sup>15</sup>.

Any government employee appointed to the TI Corp board, as part of their employment, is not entitled to the compensation set out below.

Other than meetings of the Board and its committees, there will be no remuneration for any other activity unless the Board, the Board Chair, or the CEO requests or authorizes the director to perform a particular duty on behalf of the Corporation.

### 2. COMPENSATION SCHEDULE

	Compensation (\$)
Annual Retainer – Board Chair	15,000
Annual Retainer – Directors	7,500
Annual Retainer – AFR Chair	3,000
Annual Retainer – HRG Chair	2,000
Annual Retainer – Other Committee Chair(s)	2,000
Board, Committee and other meetings – full day	500
Board, Committee and other meetings – half day	250

Retainers are paid for overall board service, including preparation and travel time.

The Board Chair is eligible for a maximum of 60 meeting fees per year. Directors are eligible for a maximum of 30 meeting fees per year.

Board, committee and other meetings lasting four hours or less will be paid a half-day meeting fee. If the meeting last longer than four hours, the full-day meeting fee will be paid. The Board Chair or the Chair of the HRG Committee will determine when other meeting fees will apply

### 3. COMPENSATION GUIDELINES

Annual retainers will be paid quarterly in arrears along with any applicable meeting fees for the quarter.

<sup>15</sup> Guidelines are in accordance with Treasury Board Directive 2/17 "Remuneration Guidelines for Appointees to Ministry and Crown Agency Boards". The Appointment Remuneration Committee established by Treasury Board has classified TI Corp as a Level 4 organization for the purposes of appointee remuneration. The TIA (s.24.32) permits the corporation to pay a director remuneration and expense allowances at rates set by the minister.

Meeting fees will be payable where a director attends a meeting. No distinction will be made between participation in person or participation by video or telephone.

### **Out of Pocket Expenses**

A director will be reimbursed for all reasonable out-of-pocket expenses necessarily incurred in the fulfillment of the director's duties as a director.

Out-of-pocket expenses include, but are not limited to:

#### Use of personal vehicle

When a private vehicle is used for board business, reimbursement shall be in accordance with government's reimbursement rate, which is generally adjusted for each April 1<sup>st</sup>. The rate as at April 1, 2019 is \$0.55/km<sup>16</sup>. Directors will be reimbursed for receipted parking and ferry charges. All insurance requirements, including a minimum of \$2 million third-party liability insurance, are the responsibility of each director.

#### Accommodation

Where possible, accommodation should be obtained at those hotels offering government or special corporate rates. Directors are allowed to claim \$30 per night when they stay overnight in a private home instead of a hotel.

#### Meals

Any meal expenses incurred due to board responsibilities, not related to travel, will be reimbursed for actual meal expenses incurred. There will be no reimbursement for any alcohol purchases.

Directors will be reimbursed for a maximum of \$49.00 per day for meal expenses when travelling on TI Corp business.

	Per Diems (\$)
Full day	49.00
Breakfast only (travel starts before 7am)	22.00
Lunch only (travel starts after 12pm)	22.00
Dinner only (travel ends after 6pm)	28.50
Breakfast and lunch only	30.00
Lunch and dinner only	36.50
Dinner and breakfast only	36.50

<sup>16</sup> The reimbursement for use of a personal vehicle to attend a Board or committee meeting commences once the cumulative travel is greater than 32km.

## Travel

Reimbursement of expenses for travel will be limited to the standard economy fare for the travel undertaken.

## Professional dues and other membership fees

Directors will not be reimbursed for professional fees or other membership fees.

## **4. PROFESSIONAL DEVELOPMENT, NETWORKING EVENTS AND BOARD FUNCTIONS**

### Professional Development

Directors wishing to attend a conference or course must submit a request to the Board Chair for authorization. The Board Chair will consider the request and advise the director whether the director's attendance at the requested conference or course will be authorized as TI Corp business. If the Board Chair determines that the conference or course is authorized as TI Corp business, then the director will be entitled to claim the registration fees and out-of-pocket expenses to the event.

Other than as set out above, directors will not be paid for time spent attending the conference or networking events, including meals and receptions.

When directors are asked to speak at a conference, travel and accommodation expenses should be covered by the conference organizer or sponsor. In circumstances where the director will obtain an educational benefit, travel and accommodations may be paid by the Corporation, at the discretion of the Board Chair.

In the event the Board Chair wishes to attend a conference or course, the request shall be considered by the Chair of the HRG Committee.

### Board Functions

TI Corp will fund Board and Management-only dinners. TI Corp will not pay for alcohol at these dinners.

## **5. COMPENSATION ADMINISTRATION**

All claims for fees and expenses submitted by directors will be reviewed to ensure consistency with these guidelines and signed by either the Corporate Secretary or CFO.

Expense claim forms are required to document:

- Travel compensation claims; and



- Out-of-pocket expenses which are supported by receipts or other appropriate documentary evidence.

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- <sup>i</sup> Governing in the Public Interest: Foundational Training for BC Public Sector Appointees (May 2019) (“GPI Foundational”). p.5
- <sup>ii</sup> GPI Foundational, p.15
- <sup>iii</sup> GPI Foundational, p.16
- <sup>iv</sup> Governing in the Public Interest: Human Resources Training for BC Public Sector Appointees (May 2019) (“GPI HR”) p. 6
- <sup>v</sup> GPI Foundational, p.21
- <sup>vi</sup> GPI Foundational, p. 20
- <sup>vii</sup> GPI Foundational, p. 29
- <sup>viii</sup> GPI Foundational, p. 28
- <sup>ix</sup> GPI Foundational, p.13
- <sup>x</sup> GPI Foundational, p. 27
- <sup>xi</sup> GPI Foundational, p.38
- <sup>xii</sup> GPI Foundational, p. 27
- <sup>xiii</sup> GPI Foundational, p. 27
- <sup>xiv</sup> Treasury Board Directive 2/17, section 4.7
- <sup>xv</sup> GPI Foundational, p. 15
- <sup>xvi</sup> GPI Foundational, p.26
- <sup>xvii</sup> GPI Risk, p. 7
- <sup>xviii</sup> Governing in the Public Interest: Financial Governance Training for BC Public Sector Board Members (May 2019) (“GPI FIN”), p.4
- <sup>xix</sup> Governing in the Public Interest: Risk Management Training for BC Public Sector Board members (May 2019) (“GPI Risk”), p. 6
- <sup>xx</sup> GPI Risk, p. 7
- <sup>xxi</sup> GPI HR, p. 11