

2 BOARD OF DIRECTORS TERMS OF REFERENCE

2.1 INTRODUCTION

Infrastructure BC is governed by the *BC Business Corporations Act*. This Act contains standards of care that relate to the standard of conduct to be observed by directors of corporations incorporated under its provisions.

These terms of reference are prepared to assist the Board in clarifying responsibilities and ensuring effective communication between the Board, the CEO, Vice-Presidents and the Shareholder.

2.1.1 Composition and Board Organization

The Shareholder appoints the Board Chair and directors to the Board.

The Board may delegate certain responsibilities to Board committees. The responsibilities of those committees are set forth in terms of reference applicable to such committees.

2.1.2 Duties and Responsibilities

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

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

General responsibilities include:

- (a) Managing Board matters: oversee Board and committee composition, Board process and guidelines, and approve Company policies.
- (b) Shareholder Mandate: oversee Management's implementation of the mandate, and review and make recommendations regarding the mandate.
- (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 Company's strategic initiatives, service plan and annual budget, and ensure consistency with the Shareholder's mandate.
- (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 quarterly reporting requirements of the Government of BC.

Specific accountabilities include:

- (a) Make recommendations to the Shareholder regarding the Company's mandate.
- (b) Provide the Shareholder with an annual service plan that includes strategic performance measures and targets.
- (c) Ensure Management identifies the principal risks of the Company's business and implements appropriate systems to manage these risks.
- (d) Review quarterly financial results and approve annual audited financial statements.
- (e) Approve list of officers for banking resolutions.
- (f) Ensure the Company has in place effective communications processes with the Shareholder and other key stakeholders.
- (g) Oversee the Company's progress in meeting its corporate goals, and provide the Shareholder with an annual report on the Company's progress in attaining the established performance targets.

2.2 GENERAL OBLIGATIONS OF THE BOARD OF DIRECTORS

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.

British Columbia law identifies the following powers and duties for the Board:

- (a) To manage the business and affairs of the Company;
- (b) To act honestly and in good faith with a view to the best interests of the Company;
- (c) To exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances; and
- (d) To act in accordance with the Board's obligations contained in the *BC Business Corporations Act* and other relevant legislation and regulations.