



**INFRASTRUCTURE BC INC.  
BOARD GOVERNANCE MANUAL**

**(revised May 31, 2022)**



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## 1 CORPORATE GOVERNANCE GUIDELINES

### 1.1 INTRODUCTION

The Board of Directors (the 'Board') of Infrastructure BC Inc. ('Infrastructure BC' or the 'Company') has a primary responsibility to foster the Company's short and long-term success consistent with the Board's responsibility to the Company's shareholder, the Minister of Finance (the 'Shareholder'), and giving consideration to the interests held by other stakeholders including employees, clients, suppliers, communities and the public.

The Board members are stewards of the Company. The Board has the responsibility to oversee the conduct of the Company's business. The Board, through the President and CEO (the 'CEO') will set the standards of conduct for the Company.

These Guidelines complement the Articles of Incorporation and apply to, and are for the benefit of, the Board, the Chair of the Board of Directors (the 'Board Chair'), the CEO, Vice-Presidents, 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.

For the purposes of this document, "Management" refers collectively to the CEO and Vice-Presidents of the Company.

### 1.2 BOARD ADMINISTRATIVE GUIDELINES

The Board Terms of Reference and the *BC Business Corporations Act* define the role 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 Company.

#### 1.2.1 Relationship between the Board and Management

The CEO's main responsibility is to lead the Company. The Board discharges its duty by overseeing the Management of the Company, who is charged with the day-to-day business of managing the Company.

The Board approves the goals, strategies and policies by which the business of the Company 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 Company'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 discuss with the Board emerging public policy or other issues that are of major strategic importance and provide recommendation on how the Company should respond to those matters.

The Board acts as a group to support and guide the CEO in fulfilling the CEO's duties to manage the Company.

### 1.2.2 Terms of Reference

Terms of Reference for the Board, Board Chair, directors, the CEO and the Human Resources and Governance Committee (the 'HRG Committee') are reviewed annually by the HRG Committee.

The Terms of Reference for the Audit and Risk Management Committee (the 'ARM Committee') is reviewed annually by the ARM Committee.

The Terms of Reference for the Ad Hoc (Implementation) Committee is reviewed annually by the Implementation Committee.

Any proposed changes are recommended to the Board for approval.

### 1.2.3 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 Company. The strategic plan will guide the preparation of the Company's service plan and annual budget as directed by the Government of British Columbia (the 'Government of BC').

### 1.2.4 Business Risks

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

### 1.2.5 Communications

The CEO and the Board Chair will act as the primary spokespersons for the Company and any subsidiaries, including interfacing with the Government of BC, regulatory bodies and other stakeholders. The Shareholder will speak on behalf of the Company.

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 Company 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 Company. 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 Company representative.

### 1.2.6 Management Succession Planning and Development

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

### 1.2.7 Board Size and Composition

Ideally, the Board should have between seven (7) and eleven (11) directors and this is sufficient to provide an appropriate mix of backgrounds and skills for the stewardship of the Company.

Neither the CEO nor Vice-Presidents can be directors of the Company.

### 1.2.8 Board Committees

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 three (3) committees. The terms of reference for the following committees can be found as follows:

- (a) ARM Committee – Appendix A
- (b) HRG Committee – Appendix B
- (c) Ad Hoc (Implementation) Committee – Appendix D

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

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.

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.

### 1.2.9 Board Meeting and Agendas

The Board meets a minimum of five times each year on dates determined by the Board.

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.

A majority of the directors holding office constitutes a quorum for the transaction of business at a meeting, and a quorum of directors may exercise all the powers of directors at a meeting. No business will be transacted by the directors at a meeting unless a quorum is present. A director may participate in a Board meeting by telephone, videoconference or other means by which all directors can hear each other. A director participating in such a meeting by any such means is deemed to be present at the meeting.

#### 1.2.10 Consent Resolution

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

#### 1.2.11 Material for Board Meetings

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.

Generally, the agenda and meeting materials will be distributed not less than five (5) working days before the meeting. Under some circumstances, due to the confidential nature of matters to be discussed, it would not be prudent to distribute written materials in advance.

#### 1.2.12 Board Relations with Management

All directors can contact the Company's Management and where possible, notify the Board Chair of the contact and the purpose of the meeting prior to the meeting. It is expected that directors will exercise judgement to ensure that their contacts will not distract from the Company's business operations and do not interfere in Management decisions.

The Board encourages individual directors to make themselves available 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. The Board has a responsibility to provide the Shareholder with advice regarding the needs of the Company 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 the Personal Information



Form (the 'PIF') annually or when there are changes to the directors' directorships, trusteeships, private interests and other information relevant to Infrastructure BC's conflict of interest procedures for directors.

#### 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 Company, 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 the director's orientation plan. The orientation program for each new director will be tailored to that director's needs and areas of interest.

#### 1.2.16 Board Performance Assessment

Annually, at the fiscal third quarter Board meeting, the Board will consider if there is a need to undertake a Board and Committee assessment. The objective of the assessment 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.

#### 1.2.17 Director Compensation

The Government of BC establishes the director compensation to the Company's Board.

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.

## 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; review outside directorships by the CEO and Vice-Presidents; 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.

## 3 BOARD CHAIR TERMS OF REFERENCE

### 3.1 INTRODUCTION

The Board Chair's primary role is to act as the presiding director at Board meetings and to ensure that the Board is functioning effectively, and meeting its obligations and responsibilities.

The Board Chair is an ex-officio member of committees where they is not appointed as a full member.

### 3.2 DUTIES AND RESPONSIBILITIES

The Board Chair has the following specific responsibilities:

- (a) Liaise with the Shareholder on behalf of the Board;
- (b) Ensure that the CEO is aware of relevant issues of concern to the Board and other stakeholders;
- (c) Build consensus and develop teamwork within the Board, resolve conflicts, and promote Board unity;
- (d) Facilitate the Board's understanding, consideration, oversight and approval of major corporate initiatives;
- (e) Lead Board governance reviews and act as a champion of good corporate governance; and
- (f) Act as the primary spokesperson for the Board.

## 4 PRESIDENT AND CHIEF EXECUTIVE OFFICER TERMS OF REFERENCE

### 4.1 INTRODUCTION

The CEO is appointed by, and reports to, the Board and maintains open communication with the Board Chair and Board.

The CEO has a wide range of responsibilities and accountabilities that contribute to the overall achievement of the Company's business objectives. The CEO provides leadership, overall supervision, management and control of the operations of the Company 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 Company as necessary to realize the Company's business objectives, and maintain strong relationships with the Shareholder, clients and stakeholders.

### 4.2 DUTIES AND RESPONSIBILITIES

#### 4.2.1 Board of Directors

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

#### 4.2.2 Stakeholder Engagement

The CEO is responsible to establish and maintain positive and productive relationships with local, national and international stakeholders. In this capacity, the CEO serves as primary spokesperson for the Company and promotes collaborative cooperation towards achieving a common vision. The CEO is expected to exercise influence and persuasion in the face of divergent objectives, and may be called upon to communicate negative or unpopular decisions.

#### 4.2.3 Strategic Planning

In collaboration with the Vice-Presidents, the CEO formulates and recommends to the Board the annual service plan. In accordance with guidelines published by the Crown Agencies Board Resourcing Office, the service plan identifies priority issues the Company will focus on, and the role that the Company will play. The CEO also presents operating and capital expenditure budgets to the Board for approval, and has overall accountability for achieving the Company's business objectives.

#### 4.2.4 Financial Management

In collaboration with the Vice-Presidents, and in particular the Vice President, Finance and Administration, the CEO develops an annual budget, prepared in the context of Infrastructure BC's strategic plan, for recommendation to the Board.

The CEO ensures the efficient utilization of financial resources within established policies of the Company, making appropriate and timely financial and management decisions. They 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 Infrastructure BC's financial resources within the objectives, policies, plans and budgets established by the Board.

The CEO, in conjunction with the Vice-President, Finance and Administration, will report out on the Company's financial position and prepare revenue and 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.

#### 4.2.5 Corporate Policy

The CEO ensures that the Company's operations and activities are conducted in accordance with laws, regulations, the Company's Ethics and Conflict Policy, 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.

#### 4.2.6 Communications

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

#### 4.2.7 Human Resources

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

They oversees the Vice-Presidents who lead staff in their achievement of business objectives with integrity, fairness and transparency. Providing strong and effective leadership to all employees, they creates an environment which attracts and retains appropriate talents. Providing leadership to the Vice-Presidents, the CEO ensures that Infrastructure BC has a safe workplace environment and that all staff are motivated, guided and directed to contribute fully to realizing the Company'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 Infrastructure BC is vested with Management and is overseen by the Board.

### 2. COMPOSITION AND OPERATIONS

- The ARM Committee will be composed of not fewer than three, and not more than five, directors.
- All ARM Committee members will be financially literate and at least one will have accounting or related financial experience.<sup>1</sup>
- Infrastructure BC's auditors will be advised of the names of the ARM Committee members and will receive notice of, and be invited to attend, ARM Committee meetings, and to be heard at those meetings on matters relating to the auditor's duties.
- The ARM Committee will meet with the external auditors as it deems appropriate to consider any matter that the ARM Committee or auditors determine should be brought to the attention of the Board.
- The ARM Committee will meet at least four times each year.
- The ARM Committee has access to Infrastructure BC's Management and documents as required to fulfill its responsibilities and is provided with the resources necessary to carry out its responsibilities.
- The ARM Committee provides open avenues of communication amongst Management, employees, external and internal auditors and the Board.

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<sup>1</sup> The Board has defined "financial literacy" as: the ability to read and understand a balance sheet, income statement and a cash flow statement in accordance with Canadian GAAP and PSAB standards. Where there is a requirement for a director to have accounting or financial experience this means the director shall have the ability to analyze and understand a full set of financial statements, including the notes attached thereto in accordance with Canadian GAAP and PSAB standards.

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

### 3. DUTIES AND RESPONSIBILITIES

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:

- Infrastructure BC's annual audited financial statements and report to the Board before the statements are approved by the Board;
- Infrastructure BC's quarterly financial statements;
- The financial content of the annual report and any quarterly reports;
- The content of the annual report and audited financial statements; and
- The service plan, 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 Infrastructure BC;
- Any new or pending developments in accounting and reporting standards that may affect Infrastructure BC; and
- Management's key estimates and judgments that may be material to financial reporting.

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

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 Company'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 Company is compliant with statutory and regulatory obligations;
- Appointment of the VP, Finance and Administration, Comptroller and/or Financial Accounting Manager (as appropriate); and
- Ensuring that the Company has adequate accounting and finance resources.

### **External Audit**

The external auditor is ultimately responsible to the ARM Committee and the Board as a representative of the Shareholder. The ARM Committee will review the planning and results of external audit activities and the ongoing relationship with the external auditor. This includes:

- Review and recommend to the Board the appointment of the external auditor;
- 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 Company'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 auditors' evaluation of Infrastructure BC's system of internal controls, procedures and documentation;
- 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 any other matter the external auditor brings to the ARM Committee's attention;

- Assess the performance of the external auditor and if necessary, recommend to the Board the removal of the external auditor;
- Review the auditor's report on all material subsidiaries, as applicable;
- Review and receive assurances on the independence of the external auditor;
- Review the non-audit services to be provided by the external auditor's firm or its affiliates (including estimated fees), and consider the impact on the independence of the external audit; and
- Meet periodically, and at least annually, with the external auditor without Management present.

#### **Other**

- Review insurance coverage of significant business risks and uncertainties;
- Review material litigation and its impact on financial reporting, and meet at least annually with the Company's General Counsel to review outstanding legal issues relating to Infrastructure BC as applicable;
- Ensure the Company has established procedures for the receipt and treatment of complaints received by the Company regarding accounting or audit matters, and anonymous submissions by employees of concerns regarding questionable accounting or auditing matters;
- Review policies and procedures in the Company's Financial Policy Manual for the review and approval of officers' expenses and perquisites;
- Review high level expenses of the Board Chair and Management semi-annually;
- Review the Company's Statement of Investment Policies and Procedures annually;
- Review the terms of reference for the ARM Committee annually and make recommendations to the Board as required;
- Ensure provisions are in place 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;
- Periodic review of the decision-making process for major projects; and
- Retain the opportunity to undertake exit interviews with senior financial staff.

## **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	May	Sept	Nov	Jan
i) Review and recommend:				
a) annual audited financial statements	✓			
b) report to the Board before statements approved by Board	✓			
ii) Review and recommend quarterly financial statements	✓	✓	✓	✓
iii) Review and approve financial content of annual and quarterly reports and revised forecasts	✓	✓	✓	✓
iv) Review and recommend approval of the annual report	✓			
v) Review and recommend approval of the service plan, 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	May	Sept	Nov	Jan
i) Review corporate risk register and mitigation strategies			✓	
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	✓	✓	✓	✓
vi) Review VP, Finance and Administration appointment	✓			
vii) Review adequacy of accounting and finance resources				✓
<b>C. Internal Audit</b>	<b>Mar</b>	<b>Jun</b>	<b>Sept</b>	<b>Dec</b>
i) Review requirement to conduct an internal audit			✓	

D. External Audit	Quarter Ending			
	Mar	Jun	Sept	Dec
Scheduled ARM Committee Meeting	May	Sept	Nov	Jan
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	Sept	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 prerequisites			✓	
v) Review high level expenses: Board Chair and Management	✓		✓	
vi) Review Statement of Investment Policies and Procedures		✓		
vii) Review ARM Committee terms of reference and make recommendations to the Board		✓		
viii) Review compliance regarding statutory filings and requirements	✓	✓	✓	✓
ix) 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:

- (a) Assist the Board in fulfilling its obligations relating to human resource and compensation matters; and
- (b) Provide a focus on governance that will enhance the performance of the Company.

### 1. COMPOSITION AND OPERATIONS

- The HRG Committee will be composed of not fewer than three, and not more than five, directors.
- The HRG Committee will meet at least four times each year.
- The Secretary to the HRG Committee will be the Corporate Secretary or his/her delegate.

### 2. 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 Company's compensation philosophy, strategy and guidelines.
- The terms of employment for the CEO.
- 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, holdback, benefit and pension plans.
- 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.
- In consultation with the CEO:

- ◆ Management team<sup>2</sup> resources, including recruitment and training programs, to ensure a sufficient Management development and succession plan is in place to provide qualified Management for succession to executive positions at Infrastructure BC.
- ◆ Outside commitments by Vice-Presidents.
- ◆ The appointment of, and compensation for, Vice-Presidents (including, where applicable, holdback, benefit and pension plans). External reviews of executive and staff compensation will be conducted at the discretion of the Board.
- ◆ Major changes in the organizational structure, or Vice-Presidents of the Company, as proposed by the CEO, on an ad hoc basis.
- ◆ The development of, or amendments to, the post-employment restrictions contained within the Ethics and Conduct Policy. Reductions to, or waiving of, restrictions may be considered on an ad hoc basis.
- ◆ Review of 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:

- An experience and skills composition plan for the Board that sets out the desired experience and skills for Board directors, taking into consideration the Board's short-term needs and long-term plans.
- An orientation plan for new directors.
- A plan for ongoing development of existing directors that includes review of business cases and procurement options analysis, and relevant and emerging topics.
- 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, directors 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, discussion papers, reports and information and the conduct of meetings.

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<sup>2</sup> Those executives reporting directly to the CEO.



- 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 Infrastructure BC.
- The HRG Committee's terms of reference.

### 3. ACCOUNTABILITIES

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

#### 4. 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	May	Sept	Nov	Mar
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 and VPs outside commitments			✓	
vii) Management succession and development plans			✓	
viii) Appointment of Management			✓	
ix) Management performance evaluations				✓
x) Executive and Staff Compensation Review (as required)			✓	

	Quarter Ending			
HUMAN RESOURCES	Mar	Jun	Sept	Dec
Scheduled HRG Committee meeting	May	Sept	Nov	Mar
xi) Employee satisfaction survey	✓			

	Quarter Ending			
GOVERNANCE	Mar	Jun	Sept	Dec
Scheduled HRG Committee meetings	May	Sept	Nov	Mar
i) Board experience and skills composition plan and candidates	✓			
ii) New director orientation		✓		
iii) Existing director development (includes formalizing board education topics for the year)		✓		
iv) Board manual		✓		
v) Board meetings and materials		✓		
vi) Provisions for independent counsel for HRG Committee		✓		
vii) 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.

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 Company.

### 2. COMPENSATION SCHEDULE

	Compensation (\$)
Annual Retainer – Board Chair	15,000
Annual Retainer – Directors	7,500
Annual Retainer – ARM Chair	3,000
Annual Retainer – HRG Chair	2,000
Board, Committee and other meetings – full day	500
Board, Committee and other meetings – half day	250
Travel (per event):	
Within BC, or	250
Elsewhere	500

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 for the Board Chair, Chairs of the ARM and HRG Committees, and directors will be paid quarterly in arrears.

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.

There will be no compensation for time spent travelling to and from a Board or committee meeting unless incurred by a director who resides more than 100 kilometres from the meeting location.

### **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

Infrastructure BC's standard rate for kilometres travelled will be used. 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 \$50 per night when they stay overnight in a private home instead of a hotel.

#### Meals

Directors will be reimbursed for a maximum of \$51.50 per day for meal expenses.

	Per Diems (\$)
Full day	51.50
Breakfast only (travel starts before 7am)	21.00
Lunch only (travel starts after 12pm)	21.00
Dinner only (travel ends after 6pm)	30.50
Breakfast and lunch only	42.00
Lunch and dinner only	51.50
Dinner and breakfast only	51.50

### Travel

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

Business class travel is appropriate when the total one-way in-flight travel time exceeds four hours.

### Professional dues and other membership fees

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

## **4. CONFERENCES, NETWORKING EVENTS AND BOARD FUNCTIONS**

### Conferences

Directors wishing to attend a conference 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 will be authorized as Infrastructure BC business. If the Board Chair determines that the conference is authorized as Infrastructure BC 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 Company.

### Board Functions

Infrastructure BC will fund Board functions and receptions with the public and private sectors. Reasonably priced British Columbia wine may be provided at these events.

Infrastructure BC will fund Board and Management-only dinners. Infrastructure BC will not pay for alcohol at these dinners.

## 5. TECHNOLOGY EXPENSE REIMBURSEMENT POLICY

Infrastructure BC has a technology expense reimbursement policy to support the Board of Directors technology requirements as the Company has eliminated the distribution of physical meeting materials and transitioned to a cloud-based Board Portal, Aprio.

Directors may be reimbursed for technology tools (hardware and software), with receipts, up to \$2,000 (including taxes) every three years. If a director voluntarily leaves the Board within 12 months of the invoice date, the director must repay one-half of the amount that was reimbursed.

## 6. COMPENSATION ADMINISTRATION

All claims for fees and expenses submitted by directors will be reviewed to ensure consistency with these guidelines and signed by the Corporate Secretary or Vice-President, Finance and Administration.

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.

## APPENDIX D – AD HOC (IMPLEMENTATION) COMMITTEE TERMS OF REFERENCE

### 1. INTRODUCTION AND PURPOSE

The Infrastructure BC Board of Director (the “Board”) has established an Ad Hoc (Implementation) Committee (the ‘Committee’) to assist the Management Team<sup>3</sup> (the “Management”) and the Board in fulfilling its obligations relating to project implementation<sup>4</sup> matters.

The purpose of the Committee is to support the strategic direction of growing new business and adding additional value to the Shareholder through developing an implementation line of business. The initiation of the new line of business requires significant time investment from the Board.

The purpose of this Committee is to assist the Board in fulfilling its obligations and oversight duties while also providing strategic advice to Management with respect to ensuring that the new line of business is properly resourced and structured, while managing key risks. This includes the ability to meet the performance targets included in the strategic plan.

The requirement of this Committee will be reviewed annually by the Board.

### 2. COMPOSITION AND OPERATIONS

- The Committee will be composed of not fewer than three, and not more than five, directors.
- Quorum for the Committee will be the majority of the Committee members.
- The Committee will meet as required when there are material or critical matters directly associated with the Company’s project implementation initiative.
- The Secretary to the Committee will be the Corporate Secretary or his/her delegate.

### 3. DUTIES AND RESPONSIBILITIES

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

- Receive progress reports as Management prepares to undertake implementation as owner. This preparation includes legal structuring, capability (human, financial, technology, and technical), and processes.
- Provide oversight, advice and guidance to Management on all matters pertaining to this initiative.

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<sup>3</sup> President and CEO, Vice-Presidents, and Assistant Vice-Presidents.

<sup>4</sup> Project implementation is the delivery of a project after the project construction contract is executed and through the end of construction.



- Review Management's risk management and mitigation plan for the implementation as owner initiative.
- Ensure that there is sufficient transparency and accountability in respect of the implementation initiative activities being carried out by Management.
- Develop the Committee's terms of reference and review the terms of reference annually and make recommendations to the Board as required.

#### 4. ACCOUNTABILITIES

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

## 5. AD HOC (IMPLEMENTATION) COMMITTEE TIMETABLE

The timetable outlines the Ad Hoc (Implementation) Committee's schedule of activities.

	Quarter Ending			
	Mar	Jun	Sept	Dec
<b>DESIGN AND CONSTRUCTION</b>	<b>Mar</b>	<b>Jun</b>	<b>Sept</b>	<b>Dec</b>
Scheduled Implementation Committee meetings	May	Sept	Nov	Mar
i) Implementation progress report	✓	✓	✓	✓
ii) Implementation risk register and mitigation strategies			✓	
iii) Implementation Committee terms of reference	✓			