



BOARD OF DIRECTORS TERMS OF REFERENCE



OBJECTIVES AND PRINCIPAL DUTIES

The Board of Directors functions as the steward of the Corporation, and has statutory authority and an obligation to oversee the management of the affairs and business of the Corporation. While the fundamental objective of the Board is to act in the best interests of the Corporation, the Board has a responsibility to ensure congruence between shareholder expectations, corporate plans and management performance, and is accountable to the shareholder to establish procedures for effective corporate governance which will enhance shareholder value.

SCOPE, DUTIES AND RESPONSIBILITIES

In discharging its obligations, the Board has specific responsibilities for the following, which do not, in any way limit or comprehensively define its overall responsibility for stewardship of the Corporation.

Review and Approval Responsibilities

In discharging its obligations, the Board has to review, meaning the process of checking someone else's work to give input, advice and suggestions for improvement and approve, meaning the process of formally signing-off on a document or function, to indicate that a decision has been made to proceed. The Board has review and approve responsibilities for the items outlined below.

- Corporate Code of Conduct
- Conflicts of interest
- Whistleblower policy
- Determination of SOCO risk tolerance
- Corporate Risk Management Framework
- External communication of results of corporate performance, including:
 - Annual Report including the audited Financial Statements, year-to-date BSC results and annual MDA
 - Quarterly External Report including year-to-date financial results and MDA
 - Quarterly Performance Management Reports: year-to-date financials, forecast and BSC
 - Reports to shareholder (e.g., quarterly Report on Losses and Report of Payments)
- Board Committees: set standards for effective composition and functioning
- Board policies (including risk management in relation to governance, conduct, Board effectiveness and Board protocols).
- Scope of Board Committee roles
- Scope and role of Board Committee Chairs
- Selection of Committee Chairs
- Selection of Committee members
- Board evaluation and governance structure performance results

- Assess Board and Committee performance
- CEO Terms of Reference: delegation of approval and reporting authority
- CEO annual objectives, compensation and training
- CEO annual performance plan and assessment
- Succession and retention plan for management
- Management policies on sensitive matters: e.g. vacation pay-out policy
- Investments policy for surplus cash
- Internal audit charter, plans and reports
- External auditor non-audit services
- External audit plan
- Audited Financial Statements and external audit reports
- Changes in accounting policy

Delegation of Authorities Approval Responsibilities

In discharging its obligations, the Board has to approve particular items within the Delegation of Authorities under the specific conditions as outlined below.

- Write-offs and credit notes: per event (approve if over \$100,000)
- Design expenditures for new buildings and additions to existing buildings costing over \$2,000,000 (approve if over \$150,000)
- Strategic investment in tenants (approve – if over \$250,000 limit each, \$500,000 aggregate)
- Capital project over expenditures: e.g. cost overruns (approve if over \$500,000). NOTE: cannot go over original delegations.
- Legal actions: per event (approve if over \$500,000)
- Expenditures on new capital project (review and recommend if over \$5M and approve up to \$5M)
- Capital maintenance projects (review and recommend if over \$5M and approve up to \$5M)

Review and Recommend Responsibilities

In discharging its obligations, the Board has to review, meaning the process of checking someone else's work to give input, advice and suggestions for improvement and recommend, meaning the process of formally signing-off on a document or function, to indicate concurrence, and passing this along to someone else (generally CIC) for a decision. The Board has review and recommend responsibilities for the items outlined below.

- Mission
- Performance Management Plan, including:
 - Vision and values
 - Strategic plan: horizon goals
 - Corporate objectives and performance indicators
 - Capital budget
 - Operating budget
- Board appointments, including the selection of Board Chair
- Oversee relationship with Corporation, CIC and the Minister
- Monitor legislation and proposed changes to legislation
- Appointment of auditors
- Appointment of CEO
- CEO compensation
- Executives (Vice Presidents & Executive Directors) and employees benefit policies and other compensation
- Foreign investment
- Creation of subsidiaries
- Commercial and financial objectives
- Dividend policy and revenue retention strategies (retained earnings, cash reserves)
- CEO/CFO certification
- Executives short term incentives, plans and results
- Overall annual merit pay ranges
- Annual economic adjustments

Prepare Responsibilities (usually delegated to Chair)

In discharging its obligations, the Board has to prepare, meaning the process of preparing a document or leading a function. The Board has prepare responsibilities for:

- Board members' expenses and policy
- Board orientation and training: SOCO and business
- Board communications

Monitor Responsibilities

In discharging its obligations, the Board has to monitor, meaning the process of being aware of content and strategic implication of actions, and checking that decisions and recommendations are being carried out effectively after a decision. The Board has monitor responsibilities for the items outlined below.

- Business development strategies: how to reach goals, e.g. marketing strategy
- Quantify and manage (control, eliminate, transfer, accept) and prioritize risks
- Review variances: compliance and management of risks
- HR policies: e.g. leaves and non-cash remuneration programs
- Recruitment policy, e.g. diversity considerations of workforce
- Construction project reporting
- Brand and reputation management
- Social/community responsibility
- Sustainable development practices
- Sponsorships and donations
- Saskatchewan and Aboriginal procurement
- Diverse workforce targets and measures
- Internal controls including safeguarding of assets
- Key information technology issues

LEGAL AND COMPLIANCE RESPONSIBILITIES

The Board has a responsibility to see that procedures are in place to ensure statutory responsibilities are met, an effective corporate compliance program has been established, and corporate documents and records are properly prepared, approved and maintained.

In performing their duties, members of the Board will:

- act honestly and in good faith with a view to the best interests of the Corporation, while taking into account the public policy and business objectives of the Corporation;
- exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances;
- be free from conflicts of interest and exercise independent judgment in carrying out their responsibilities (the majority of members must be "independent" with no material relationship to the Corporation consistent with the prevailing practices in industry); and
- comply with the provisions of *The Saskatchewan Opportunities Corporation Act* and *The Crown Corporations Act, 1993*, as amended or replaced from time to time.

In discharging its legal and compliance responsibilities, the Board will:

- ensure that the Corporation establishes appropriate and effective policies and procedures to operate at all times within applicable laws and regulations, and according to the highest ethical and moral standards; and
- approve and monitor compliance with significant policies and procedures by which the Corporation is operated.

All deliberations of the Board, and all corporate records, material and information obtained by a member of the Board and not generally available to the public will be considered confidential. Board members will maintain the confidentiality of such deliberations and will safeguard such records and information from improper access.

CONSTITUTION

The Board of Directors will be comprised of not more than twelve (12) members, who shall be appointed by the Lieutenant Governor in Council. Each member of the Board shall hold office at pleasure for a period not exceeding three (3) years. Each member of the Board will continue to be a member of the Board until a successor is appointed. A member may be reappointed. Where a vacancy occurs at any time in the membership of the Board, it may be filled by the Lieutenant Governor in Council.

The Board shall develop position profiles, and may make recommendations respecting appropriate mix of skill sets, qualifications and expertise required for new members. The Board may make recommendations respecting appropriate skill sets and individuals to fill vacancies.

The Lieutenant Governor in Council will designate a Chair from among the Board members, and may designate another member as Vice Chair. If the Board Chair is absent from a meeting of the Board or unable to act or the office of the Chair is vacant, the Vice Chair will perform the duties and exercise the powers of the Chair. If both the Chair and the Vice Chair are absent, the remaining members of the Board will choose the Chair of the meeting.

The Corporate Secretary to the Board of Directors, who need not be a Director of the Corporation, will be an employee of the Crown Investments Corporation (CIC). If the Secretary is not present at any meeting of the Board, the Board may appoint an acting Secretary to perform the functions of the Secretary at that meeting.

MEETINGS

The time and place of meetings of the Board and the procedures at such meetings will be determined from time to time by the members of the Board, provided that:

- a quorum for meetings shall be at least half of the members of the Board, present either in person or by telephone or other telecommunications device that permits all members participating in the meeting to speak to and hear each other;
- the Board will meet at least quarterly and will adopt an annual work plan to ensure that duties listed in the mandate are scheduled and achieved;
- a meeting of the Board may be called on the direction of the Chair of the Board, the Chief Executive Officer of the Corporation or by any two (2) members of the Board, and subject to quorum being achieved, the meeting shall convene on the date and time set by the Notice of Meeting;
- reasonable notice of the time and place of every meeting will be given in writing or by facsimile communication to each member of the Board prior to the time fixed for such meeting, preferably a minimum of ten (10) days before the meeting;
- the Agenda and associated material will be sent to each member of the Board prior to the time for such meeting, and preferably a minimum seven (7) calendar days before the meeting;
- a member may in any manner waive a Notice of Meeting, and attendance of a member at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called; and
- the Board shall at all times have the right to determine which non-Board members shall and shall not be present at any part of the meetings of the Board.

IN CAMERA MEETINGS

The Board shall at all times have the right to hold an in camera session, and should do so at least once a year.

MINUTES AND REPORTING RESPONSIBILITY

An outline of material issues addressed by the Board, and all recommendations, decisions and directives of the Board shall be recorded by the Secretary in the minutes of the meeting.

A draft copy of the minutes of such Board or Committee meeting, approved by the Chair, shall be circulated to the Board at least seven (7) days prior to the next regular Board meeting. Following approval of the minutes of the meeting by the Board, if substantive revisions have been made to the draft minutes, the minutes approved by the Board shall be re-circulated to the Board.

COMMITTEE STRUCTURE

The Board has statutory authority to appoint any Committees that it considers necessary for the efficient conduct of the affairs and business of the Corporation and to prescribe the scope, duties and responsibilities of any Committee it appoints through Terms of Reference for the Committee.

The appointment by the Board of a Committee and the assignment of duties to it do not absolve the full Board of its responsibility for the actions or recommendations of the Committee. Committees shall assist with the deliberations required for the fulfillment of the Board's mandate; however, unless specifically stated otherwise, all Committees shall act in an advisory capacity only, deferring decisions to the Board.

At a minimum, the Board will establish an Audit & Finance Committee and a Governance Committee. The scope, duties and responsibilities are set out in the respective Terms of Reference of each Committee.

In collaboration with the Governance Committee, the Board will annually review its Terms of Reference, its performance, and the effectiveness of the Board in achieving the Terms of Reference and that of all Committees of the Board and, where appropriate, submit revisions for approval.

The Board Chair, in conjunction with the Committee Chairs, shall annually review the membership composition, and mix of required skills and qualifications of all Board Committees.

ACCESS TO CORPORATE RECORDS/PERSONNEL

In performing any of its duties and responsibilities, the Board will have access to any and all books and records of the Corporation required for the execution of the Board's obligations.

EXTERNAL ADVISORS

If, in the opinion of the Board, it is necessary in order to properly discharge its duties and responsibilities, that the Board or any Committee of the Board obtains the advice and counsel of external advisors, the Board may engage the necessary advisors and will be allocated a budget to do so.

REMUNERATION AND EXPENSES

The Remuneration Schedule and Expense Guidelines for the SOCO Board of Directors are set and approved by the Crown Management Board pursuant to subsection 9(1) of *The Crown Corporations Act, 1993*.