

## 2. Board of Directors Terms of Reference

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### 2.1 Board Responsibilities and Duties

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

The Board's key areas of governance responsibility are:

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

#### 2.1.2 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. The Board will discharge its duties and exercise its powers, taking into account these modes of governance.

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<sup>9</sup> Section 24.31, *Transportation Investment Act*

	Fiduciary	Strategic	Generative
<b>Function</b>	Legal, operational and oversight duties	Develop a plan to meet the organizational mandate	Align behaviours, practices and actions with the mandate
<b>Driver</b>	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
<b>Key Questions</b>	<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>

**2.1.3 Duties and Responsibilities of the Board**

The Board has a fiduciary duty to act in TI Corp’s best interests and must manage TI Corp’s affairs or supervise the management of those affairs, and

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

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

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>11</sup>

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

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

<sup>10</sup> Section 24.34(1) *Transportation Investment Act*  
<sup>11</sup> Section 24.34(1)-(2) *Transportation Investment Act*

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

- Enabling legislation, namely the *Transportation Investment Act* and any regulations thereto
- Mandate Letters from the Minister
- As well as any:
  - Applicable Orders-in-Council
  - Directive letters
  - Service level agreements, including the Master Major Project Delivery Agreement(s)
  - Memoranda of understanding

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

General responsibilities of the Board include:

- **Managing Board matters:** oversight of Board and Committee composition, Board process and guidelines, and approve TI Corp policies.
- **Shareholder Mandate/Direction:** oversight of TI Corp Management's implementation of Shareholder direction.
- **Human Resources:** selection, appointment, compensation review, and evaluation of, the CEO; approval of acceptance of outside directorships by the CEO; and TI Corp Management succession planning program and development.
- **Annual Service Plan, Annual Service Plan Report and Budget:** review and approval of TI Corp's strategic initiatives, Annual Service Plan, Service Plan Report and budget, and ensuring consistency with Shareholder direction.
- **Financial and Corporate Issues:** review of 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.
- **Reporting and Communications:** accountability to the Shareholder and compliance with any reporting requirements of the BC Government.

Specific accountabilities of the Board include:

- Review and approval of all project information (including scope, schedule and budget) prior to any submissions to Treasury Board.
- Ensuring TI Corp Management identifies the principal risks of TI Corp's businesses and implements appropriate systems to manage these risks.
- Review of quarterly financial results, at both the project and corporate levels, and approval of annual audited financial statements.
- Approval of list of officers for banking resolutions.

- Ensuring that TI Corp has in place effective communications processes with the Shareholder and other key stakeholders, and review and approval of any suggested changes to the Master Major Project Delivery Agreement amongst TI Corp, the Shareholder and MOTI.
- Oversight of TI Corp’s progress in meeting its corporate goals.

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

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

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

- Regularly review key risks, how they are being managed, and implications for strategic and performance planning.
- Working with TI Corp Management to ensure open and transparent communication and use of risk information.
- Providing direction to TI Corp Management regarding the level and type of risk that TI Corp is willing to accept, along with the rationale for the risk tolerance.
- Contributing to the development of the strategic direction and approving the Service Plan and Annual Service Plan Report with a thorough understanding of the risks that may affect the achievement of the strategic objectives.
- Ensuring that TI Corp’s key risk and related capacity considerations are disclosed in the service and performance planning documents and reports.
- Proactively communicating key risk information with MOTI and identifying what level and type of risk must be communicated.
- Ensuring that TI Corp has appropriate risk management practices in place.