

Resolution of the Board of Directors

Number: 2005/04/19-01

Date: May 17, 2005

Subject: Amendments to the *Board of Directors' Manual*

WHEREAS:

Pursuant to section 81 of the *Workers Compensation Act* (the "Act"), RSBC 1996, Chapter 492 and amendments thereto, the lieutenant governor in council has appointed a Board of Directors (the "BOD") for the Workers' Compensation Board of British Columbia (the "WCB");

AND WHEREAS:

Pursuant to section 82(2)(g)(ii) of the Act, the BOD is responsible for enacting bylaws and passing resolutions for the conduct of the business and the functions of the BOD including enacting bylaws respecting the manner in which the policies of the BOD are to be published;

AND WHEREAS:

Effective September 17, 2003, the BOD approved a *Board of Directors' Manual* (the "Manual") for the conduct of the business and functions of the BOD (Resolution 2003/09/17-03);

AND WHEREAS:

In June 2004, the BOD approved changes to the Manual to reflect new governance practices, changes to reporting relationships, new policies and certain other developments that occurred since September 17, 2003 (Resolution 2004/07/20-01);

AND WHEREAS:

The BOD's Priorities and Governance Committee has recommended further revisions to the Manual and has presented such recommendations to the BOD for approval;

THE BOARD OF DIRECTORS RESOLVES THAT:

1. The *Board of Directors' Manual* is revised to consist of the following sections:

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SECTION II – Terms of Reference and Guidelines

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2. The additions and revisions to the Manual as set out in Appendix “A” attached (additions in bold, deletions struck through) are approved.
3. Tabs 1–33 of the Manual will be published on the WCB’s web site.

DATED at Richmond, British Columbia, May 17, 2005.

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TERMS OF REFERENCE FOR THE BOARD OF DIRECTORS

I. INTRODUCTION

- A. Created by statute, the WCB's purposes are determined by the people of British Columbia acting through the Provincial Legislative Assembly. These purposes are unusually broad and embrace the following areas
- i) administrative;
 - ii) adjudicative/appellate;
 - iii) policy and regulation making;
 - iv) provision of direct services; and
 - v) enforcement.
- B. On January 2, 2003, the *Workers Compensation Act* was amended to provide for a new governing body for the WCB. This body, the "Board of Directors", was made responsible for setting and superintending the policies and direction of the WCB and planning for its future.

II. PURPOSE

- A. The powers and duties of the Board of Directors (the "BOD") are set out in Section 82 of the *Workers Compensation Act*.
- B. The Board of Directors (the "BOD") has been entrusted with stewardship of the WCB. The BOD has the responsibility to oversee the conduct of the WCB's business and to supervise management, which is responsible for the day-to-day operation of the Corporation. The BOD has overall responsibility for ensuring that the organization fulfills the purposes for which it was created. In doing so, it accepts, subject to the statutory enactments of the Legislative Assembly, complete and final responsibility for the policies, direction and future of the provincial workers' compensation system.
- C. The BOD must appropriately balance the resources and time it allocates to its roles, as specified in the legislation, in the three major areas –

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administrative, adjudicative/appellate and policy and regulation making - for which it has overall responsibility. In addition, the BOD must maintain a close working relationship with the Board Chair of the Workers' Compensation Appeal Tribunal (the "WCAT") which is external to and independent of the WCB.

- D.** These terms of reference are prepared to assist the BOD and management in clarifying responsibilities and ensuring effective communication between the BOD and management.

III. COMPOSITION

- A.** The BOD of the WCB is appointed by the Minister of Skills Development and Labour (the "Minister") and consists of:
- i) 7 voting directors appointed by the Lieutenant Governor in Council as follows:
 - a) one director, representative of workers;
 - b) one director, representative of employers;
 - c) 2 directors, representative of the public interest;
 - d) one additional director, representative of the public interest, who is Board Chair;
 - e) one director who at the time of appointment is a professional providing health care or rehabilitation services to persons with disabilities; and
 - f) one director who at the time of appointment is an actuary.
 - ii) The President and Chief Executive Officer (the "CEO") is a non-voting director.

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- B. The interests of workers - the beneficiaries of the compensation, rehabilitation and prevention principles fundamental to the workers' compensation system, and the interests of employers - who fund the system, are recognized through the composition of the BOD. It is appropriate that both workers' and employers' views and interests are represented.
- C. The *Workers Compensation Act* reflects important social policies of interest to society as a whole. As such, the public interest is also recognized through the composition of the BOD. In addition, many of the issues that face the BOD require knowledge and understanding of the needs of persons with disabilities as well as expertise in the investment of funds and an understanding of actuarial principles.
- D. To enable the BOD to function effectively, individual directors must see their primary responsibility as acting in the best interests of the organization and all its stakeholders. Directors are selected because of their particular knowledge, experience and background and are expected to utilize these perspectives when undertaking their responsibilities. However, this does not diminish their primary responsibility as directors to act with a view to the best interests and objectives of the workers' compensation system as a whole.

IV. BOARD OF DIRECTORS' ORGANIZATION

- A. The BOD operates by delegating to management certain of its authorities, including spending authorizations, and by reserving certain powers to itself. The current spending authorizations are outlined in Tab 28 of the Board of Directors' Manual.
- B. Certain of the BOD's responsibilities may be delegated to committees. The responsibilities of those committees will be as set forth in their terms of reference, as amended from time to time.
- C. The BOD retains the responsibility for managing its own affairs including the responsibility to:
 - i) annually review the skills and experience represented on the BOD in light of the WCB's strategic direction, for the purpose of

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- recommending the criteria and potential candidates who meet the criteria to the Minister when appointing directors;
- ii) make recommendations to the Minister regarding the criteria the Minister should consider in making appointments to the BOD;
 - iii) on the recommendation of the Board Chair, appoint, determine the composition of and set the terms of reference for, BOD committees;
 - iv) implement an appropriate process for assessing the effectiveness of the BOD, the Board Chair, committees and directors in fulfilling their responsibilities;
 - v) assess the adequacy and form of director compensation and make recommendations to the Minister;
 - vi) assume responsibility for the WCB's governance practices as outlined in the Board of Directors' Manual and ensure they meet the needs of the Minister, the WCB, and the public;
 - vii) approve the Board of Directors' Manual; and
 - viii) appoint and monitor the performance of the Director, Governance.

V. DUTIES IN RELATION TO WCB ADMINISTRATION

A. The CEO and WCB Management

The BOD has the responsibility to:

- i) appoint the CEO;
- ii) approve the terms of reference for the CEO;
- iii) monitor and annually review the CEO's performance and provide advice and counsel in the execution of the CEO's duties;
- iv) review the appointment for all senior executive officers;

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- v) review and approve the compensation policy and parameters for all senior executive officers;
- vi) ensure that adequate provision has been made for management succession; and
- vii) approve certain matters relating to all employees including:
 - a) the WCB's broad employee compensation strategy and philosophy,
 - b) new employee benefit programs or material changes to existing programs,
 - c) material changes to employee pension plans; and
 - d) the collective agreement between the WCB and the Compensation Employees' Union.

B. Other Appointments

The BOD has the responsibility to:

- i) appoint the Director, Governance;
- ii) review the appointment of the Director, Research Secretariat;
- iii) approve and monitor the terms of reference for the Vice President, Policy and Review Division, the Director, Governance and the Director, Research Secretariat.

C. Strategies, Plans and Mandate

The BOD has the responsibility to:

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- i) monitor the WCB's progress in fulfilling its purpose under the legislation and alter its direction through management if necessary;
- ii) participate with management in the development of, and ultimately approve, the WCB's strategic and service plans;
- iii) approve annual business plans, operating and capital budgets that support the WCB's ability to meet its strategic plan;
- iv) direct management to develop, implement and maintain a reporting system that accurately measures the WCB's performance against its strategic, business and service plans;
- v) monitor the WCB's progress towards the approved strategic objectives and performance against business, operating and capital plans, and to alter its direction in light of changing circumstances; and
- vi) review and approve significant changes to the plans.

D. Financial and Risk Issues

The BOD has the responsibility to:

- i) take reasonable steps to ensure the implementation and integrity of the WCB's internal control and management information systems;
- ii) ensure management identifies the principal financial and non-financial risks of the WCB and implements appropriate systems and programs to manage these risks;
- iii) approve the Enterprise Risk Management Plan (the "ERMP") and the Business Continuity Plan (the "BCP");
- iv) monitor operational and financial results;
- v) approve annual and quarterly financial statements, and approve release thereof by management;

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- vi) appoint external auditors and approve auditors' fees; and
- vii) approve the following:
 - a) financial expenditure authority policy;
 - b) major programs and expenditures;
 - c) capital variances in excess of amounts set by policy from time to time;
 - d) property purchases and disposition in excess of amounts set by policy from time to time;
 - e) adequate funding of the accident fund; and
 - f) investment guidelines for the accident fund in accordance with the requirements imposed under the *Workers Compensation Act*.

E. Policies, Arrangements and Agreements

The BOD has the responsibility to:

- i) approve:
 - a) interjurisdictional agreements under Sections 8.1 and 114(2) or otherwise with other workers' compensation and occupational health and safety/occupational environment authorities;
 - ~~b) agreements with associations, groups of persons, organizations and large institutions under Section 21(6) for the provision of health care; and~~
 - e)b)** establishment and maintenance of a WCB Superannuation Plan under Section 86(3).

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- ii) approve and monitor compliance with all policies and all significant procedures by which the WCB is operated.

VI. DUTIES IN RELATION TO POLICY AND REGULATION MAKING AND IN RELATION TO RESEARCH

A. Compensation and Rehabilitation

The BOD has the responsibility to determine all policy concerning compensation and rehabilitation matters including:

- i) approval of all amendments to the Rehabilitation Services and Claims Manual;
- ii) amendments to the Permanent Disability Evaluation Schedule; and
- iii) approval of policies relating to:
 - a) funeral and other expenses under Section 17(2);
 - b) interest on retroactive spousal benefits under Section 19; and
 - c) interest on retroactive compensation under Section 258(6)

B. Assessments

The BOD has the responsibility to determine all policy concerning assessment matters including:

- i) approval of all amendments to the Assessment Policy Manual;
- ii) setting of assessment rates;
- iii) creation and rearrangement of the classification structure;
- iv) approval of changes to the Classification and Rate List;
- v) adoption of experience rating system;

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- vi) making of exemption policies for the application of Section 2(1) and of orders exempting employers or workers from the application of Part 1 of the Act; and
- vii) approval of policies relating to interest under Section 96(7) on refund of employer assessments and penalties on appeal.

C. Occupational Health and Safety/Prevention

The BOD has the responsibility to determine all policy concerning occupational health and safety/prevention matters including:

- i) approval of all amendments to the policy statements in the Prevention Manual;
- ii) making of exemption policies for the application of Section 106 and orders exempting employers or workers from the application of Part 3 of the Act; and
- iii) approval of policies relating to interest under Section 96(7) and Section 196(6) on refund of employer administrative penalties on appeal.

D. Regulations

The BOD has the responsibility to exercise the WCB's authority to make regulations under the *Workers Compensation Act*, including regulations under the following sections, if the matter is required to be dealt with by regulation:

Section 1	recognizing an occupational disease for general application
Section 4(1), (2) (and S. 15 of Fishing Regs.)	for commercial fishing

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Section 6(4.1)	adding to or deleting occupational diseases, industries and processes from Schedule B
Section 7(3.1)	amending Schedule D in respect of ranges of hearing loss, percentages of disability and methods or frequencies to be used to measure hearing loss
Section 21(1)	for furnishing health care to injured workers and for payment of it
Section 24(1)	for the application of Section 24 (reconsidering "old" claims for compensation to determine whether the pension fairly reflects the worker's loss of earnings)
Section 38(1)	for the timing of filing of payroll information
Section 38(2)	for penalties imposed for failure to provide payroll information
Section 40(2)	for penalties imposed for failure to pay assessments
Section 47(1)	for penalties imposed for failure to pay assessments on time
Section 53(3)	for the form of report of injury or occupational disease by the worker to the employer
Section 54(4)	for the form of employer's report of injury
Section 54(6)	defining and prescribing a category of minor injuries not required to be reported and the time at which the obligation to report commences
Section 55(1)	for the form of the application for compensation
Section 56(1)	for the form of the physician's report of injury

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Section 75(1)	for the due administration and carrying out of the Act and prescribing of the form and use of payrolls, records, reports, certificates, declarations and documents that may be necessary
Section 75(3)	for the fine for failure to comply with a regulation or order made under Part 1
Section 158(1) and (2)	in relation to hazardous substances and other substances that are potentially harmful to workers
Section 161(1)	requiring employers to establish medical monitoring programs where advisable given the nature or conditions of a work activity
Section 162(1)	requiring employers to ensure workers performing work are medically certified as to their physical fitness for a specific type of work where advisable given the physical requirements of that work
Section 225(1) and (2)	in relation to occupational health and safety and occupational environment

E. Amendment of Statutes and Lieutenant Governor in Council Regulations

The BOD has the responsibility to make recommendations to the Minister with respect to the amendment of the *Workers Compensation Act* and regulations made by the Lieutenant Governor in Council under that Act.

F. Inquiries into Occupational Health and Safety Matters

The BOD has the responsibility to:

- i) inquire into and report to the Minister on any matter referred to the WCB by the Minister within the time specified by the Minister.
- ii) ensure things are done by the WCB that the Minister or the Lieutenant Governor in Council directs be done.

G. Research

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The BOD has the responsibility to approve all expenditures from the annual research allocation.

VII. DUTIES IN RELATION TO THE APPELLATE SYSTEMS

A. Introduction to the Workers' Compensation Appeal Tribunal (the "WCAT")

The WCAT is independent of and external to the WCB. However, there are certain requirements that the BOD is responsible for in relation to the external appeal process.

B. Section 245 – Board of Directors' Records and Policies

Upon notice from WCAT, the BOD has the responsibility to provide the appeal tribunal with copies of all current policies of the BOD respecting the matter under appeal as soon as practicable.

C. Section 251 – Unlawful Policy Referrals

The BOD has the responsibility to:

- i) within 90 days of notice from the WCAT Chair, review unlawful policy referrals and determine whether the appeal tribunal may refuse to apply the policy;
- ii) provide the following with an opportunity to make written submissions when reviewing unlawful policy referrals:
 - a) the parties to the appeal in question; and
 - b) the parties to any appeals that were pending before the appeal tribunal on the date the WCAT Chair sent notice to the BOD and were suspended by the WCAT Chair.
- iii) refer the matter back to the appeal tribunal (WCB's decision is binding).

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Timeline for Section 251 Process		
Day #	# of Days	Description
1-2	2	Board Chair, BOD receives notice from Chair, WCAT. Legal Services and Policy & Research Division also receives a copy of the notice from WCAT.
3-4	2	Policy & Research Division ensures that a letter is sent to "parties to the appeal" inviting submissions on WCAT referral and giving 2 weeks deadline for submissions.
5-18	14	2 week period when submissions come in.
19	1	Collate all submissions for sending out to all parties to the appeal. Policy & Research Division ensures that letter is sent to all parties asking for rebuttal, giving 2 weeks deadline for submissions.
20-33	14	2 week period when rebuttals of submissions come in.
5-33	29	Policy & Research Division, through its Legal Advisor, researches and analyzes policy; and researches legal issue and develops legal analysis and opinion on lawfulness of policy. Research and analysis reviewed with Legal Services. The BOD may retain independent counsel to provide third party advice on Section 251 referrals.
34-51	18	Policy & Research Division reviews results of submissions received and develops BOD submission with recommendation(s) and rationale. Impact of views expressed in submissions on research and analysis evaluated during this process and appropriately reflected.
52-54	3	Board Chair's Office reviews submission and submission is sent to BOD by Board Chair's Office.
55-68	14	BOD members review submission.
69-75	7	BOD meets and makes decision. (Allow room for scheduling of BOD meeting (leave 5 days minimum for scheduling of BOD meeting))
76-85	10	Policy & Research Division drafts BOD decision letter (with reasons) for Board Chair's signature.
86	1	Letter sent to Board Chair, WCAT.

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Timeline for Section 251 Process		
Day #	# of Days	Description
Notes:		
<ul style="list-style-type: none"> • There is no control over scheduling of the BOD meeting. • Assumes that the BOD meeting is not a fixed date. • Assumes that decision will be made in one BOD meeting. Does not consider that complex issues may require two meetings. • Assumes that standard letters (e.g., to parties to appeal) and forms (e.g., from the WCAT identifying names and addresses of parties to appeal) are already established. 		

VIII. GOVERNMENT AND STAKEHOLDER COMMUNICATIONS

The BOD must pay particular attention to the fact that it operates within a highly public environment. The actions of the WCB have a significant public impact and there is a need to ensure communications with the Minister and the public is effective and appropriate.

The BOD has the responsibility to:

- A.** ensure the WCB has in place a plan/policy to enable management and the BOD to communicate effectively with the Minister, and consult with stakeholders and the public generally;
- B.** ensure the financial performance of the WCB is adequately and promptly reported to the Minister and the public;
- C.** ensure financial results are reported fairly and in accordance with governing laws and generally accepted accounting principles;
- D.** ensure timely reporting of any other developments that have a significant and material effect on the WCB; and
- E.** report annually to the Minister on the BOD's stewardship for the preceding year (Annual Report) and the performance measures and results for the preceding three years (Service Plan).

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IX. GENERAL LEGAL OBLIGATIONS OF THE BOARD OF DIRECTORS

- A. Where the BOD considers it appropriate, specific responsibilities of the directors may be delegated to the CEO or an officer of the WCB, subject to any terms and conditions set out in the delegation.
- B. In accordance with section 84 of the *Workers Compensation Act*, a director, when exercising the powers and performing the functions and duties as a member of the BOD, must:
 - i) act honestly and in good faith;
 - ii) act with a view to the best interests and objectives of the workers' compensation system;
 - iii) exercise the care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances; and
 - iv) act in a financially responsible and accountable manner.
- C. The directors occupy a position of trust. The highest fiduciary standards will apply to their conduct.

CODE OF CONDUCT AND CONFLICT OF INTEREST GUIDELINES

1. INTRODUCTION

The fundamental relationship between each director and the Workers' Compensation Board (the "WCB") must be one of trust; essential to trust is a commitment to honesty and integrity. Ethical conduct within this relationship imposes certain obligations.

2. COMPLIANCE WITH THE LAW

- a) Directors must act at all times in full compliance with both the letter and the spirit of all applicable laws.
- b) In his or her relationship with the WCB, no director shall commit or condone an unethical or illegal act or instruct another director, employee, or supplier to do so.
- c) Directors are expected to be sufficiently familiar with any legislation that applies to their work to recognize potential liabilities and to know when to seek legal advice. If in doubt, directors are expected to ask for clarification.
- d) Falsifying the record of transactions is illegal.
- e) The WCB is continually under public scrutiny. Therefore, directors must not only comply fully with the law, but must also avoid any situation which could be perceived as improper or indicate a casual attitude towards compliance.

3. CONFLICTS OF INTEREST

- a) Definitions:
 - i) A "Real Conflict of Interest" occurs when a director has knowledge of a private interest that is sufficient to influence the exercise of his or her duties and responsibilities as a director.
 - ii) A "Potential Conflict of Interest" occurs when there exists a private interest that could influence the exercise of a director's duty or responsibility, provided that he or she has not yet exercised that duty or responsibility.

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- iii) An "Apparent Conflict of Interest" exists when there is a reasonable apprehension that reasonably well-informed persons could properly have that a "Real Conflict of Interest" exists on the part of a director.
 - iv) A "Conflict of Interest" may be economic or otherwise. A "Conflict of Interest" may be either "direct", i.e., pertaining to the director personally or "indirect", i.e., pertaining to the director's family, dependants, associates or employer. **Under the *Workers Compensation Act*, the majority of Directors are nominated by and are representative of various stakeholder groups and professional associations. As such, it would not be considered an indirect conflict of interest if the director advocated on behalf of the constituency he/she represented, so long as the director acts with a view to the best interests and objectives of the workers' compensation system as a whole.**
- b) Principles:
- i) It is not sufficient for a director to act within the law. Directors have an obligation to act in a manner that will bear the closest public scrutiny.
 - ii) Therefore, on appointment to office, and thereafter, individual directors shall arrange their private affairs in a manner that will prevent Real, Potential or Apparent Conflicts of Interest from arising. In addition, on appointment to office, directors shall disclose in writing any Real, Potential or Apparent areas of Conflict of Interest, as well as at any later date when new interests or holdings that may give rise to such a conflict are acquired.
 - iii) If, despite these actions, a conflict arises between the private interests of a director and the duties and responsibilities of that director, the director is expected to disclose the conflict and resolve it in favour of his or her duties and responsibilities as a director.
- c) Disclosure:
- i) When a director considers that he or she has a Real, Potential or Apparent Conflict of Interest with respect to a particular issue, that director will **advise—declare that conflict before** the Board Chair or, in the case of a matter before a committee, the committee Chair prior to any discussion or decision on the issue.

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- ii) **In the case of a conflict of interest, The-the** director will absent himself or herself during the discussion and decision, and not attempt to influence the discussion or decision in any way. **Upon declaration of a potential conflict, the BOD Chair or Committee Chair will determine whether the director should be given the option of participating in the discussion of the issue.**
 - iii) A director who identifies a possible Real, Potential or Apparent Conflict of Interest on the part of another director will **bring his or her concern to the other director's attention or to the attention of the BOD or Committee Chairs and request that the conflict be declared. If the other director refuses to declare the conflict, the director should inform the BOD Chair** ~~advise the Board of Directors (the "BOD") or committee Chair and the director perceived as having the Conflict of Interest~~ immediately.
 - iv) In the case of a disagreement about the presence of a Real, Potential or Apparent Conflict of Interest, the Board Chair shall determine where such a Conflict of Interest exists. In the case of a Real, Potential or Apparent Conflict of Interest on the part of the Board Chair, a majority of the directors present at the meeting shall decide whether such a Conflict of Interest exists.
 - v) If it is decided that a Real, Potential or Apparent Conflict of Interest exists on the part of the Board Chair, the Board Chair shall designate an acting Chair in accordance with the BOD Operating Guidelines. The Board Chair shall absent himself or herself during the discussion and decision on the issue, and not attempt to influence the discussion or decision in any way. The acting Chair may vote on the issue if there is a tie.
- d) Guidance regarding potential conflicts:
- i) A director must not use his or her position with the WCB to pursue or advance the director's personal interests, the interests of a related person¹, director's business associate, corporation, union or partnership, or the interests of a person to whom the director owes an obligation. **Under the Workers Compensation Act, the majority of Directors are nominated**

¹ *related person* means a spouse, child, parent or sibling of a director.

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by and are representative of various stakeholder groups and professional associations. As such, it would not be considered an indirect conflict of interest if the director advocated on behalf of the constituency he/she represented, so long as the director acts with a view to the best interests and objectives of the workers' compensation system as a whole.

- ii) A director must not directly or indirectly benefit from a transaction with the WCB over which a director can influence decisions made by the WCB.
- iii) A director must not take personal advantage of an opportunity available to the WCB unless the WCB has clearly and irrevocably decided against pursuing the opportunity, and the opportunity is also available to directors or the public.
- iv) A director must not use his or her position with the WCB to solicit clients for the director's business, or a business operated by a close friend, family member, business associate, corporation, union or partnership of the director, or a person to whom the director owes an obligation.
- v) There are several situations that could give rise to a conflict of interest. The most common are accepting gifts, favours or kickbacks from suppliers, close or family relationships with outside suppliers, passing confidential information to stakeholders and using privileged information inappropriately. The following are examples of the types of conduct and situations that can lead to a conflict of interest:

Samples of Possible Examples

- Influencing the WCB to lease equipment from a business owned by the director's spouse.
- Influencing the WCB to direct funds to an institution where the director works or is involved with.
- Participating in a decision by the WCB to hire or promote a relative of the director.

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- Influencing or participating in a decision of the WCB that will directly result in the director's own financial gain. This would include any discussions involving a collective agreement that applies to the director.

4. OTHER ETHICAL CONSIDERATIONS

Other types of conduct by directors, listed below, are considered to be inappropriate:

- a) Interfering with the CEO's day-to-day administration of the WCB by contacting individual WCB officers and employees in order to influence their conduct, decisions, etc., with respect to individual matters or otherwise.
- b) Interfering with the exercise of the quasi-judicial decision-making authority of the WCB or the Workers' Compensation Appeals Tribunal (the "WCAT"), by contacting an officer of the WCB or the Board Chair of the WCAT and/or his or her representatives to influence their decisions or personally making representations to an officer of the WCB or the WCAT.
- c) Accepting transfers of economic benefits, except compensation authorized by law, that are connected directly or indirectly with the performance of a director's duties and responsibilities as a director, other than customary hospitality or other benefits normally and legitimately received as an incident of the protocol or social obligations accompanying those duties and responsibilities.
- d) Stepping out of a director's role to assist private entities or persons in their dealings with the WCB where this would result in preferential treatment to any person.
- e) Knowingly benefiting from information that is obtained in the course of a director's duties and responsibilities as a director and that is not generally available to the public.
- f) Disclosing any matter or thing that comes to a director's knowledge by reason of his or her appointment which the BOD has decided should remain confidential.
- g) Disclosing information pertaining to the claim of an injured or disabled worker, except as authorized by law.

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- h) Using a director's office as a director to seek to influence a decision, to be made by another person, to further his or her private interest.
- i) Engaging in personal conduct which exploits for personal gain a director's position of authority.
- j) Remaining a director after having been elected as a member of the House of Commons or of the Legislative Assembly of the Province of British Columbia.

5. OUTSIDE BUSINESS INTERESTS

- a) Directors must declare possible conflicting outside business activities at the time of appointment. Notwithstanding any outside activities, directors are required to act in the best interest of the WCB.
- b) No director may hold a significant financial interest, either directly or through a relative or associate, or hold or accept a position as an officer or director in an organization that has a relationship with the WCB, where by virtue of his or her position in the WCB, the director could in any way benefit the other organization by influencing the purchasing, selling or other decisions of the WCB, unless that interest has been fully disclosed in writing to the WCB.
- c) A “significant financial interest” in this context is any interest substantial enough that decisions of the WCB could result in a personal gain for the director.
- d) These restrictions apply equally to interests in companies that may compete with the WCB in all of its areas of activity.

6. CONFIDENTIAL INFORMATION

- a) Confidential information includes proprietary technical, business, financial, legal, or director information that the WCB treats as confidential.
- b) Directors may not disclose such information to any outside person unless authorized.

CODE OF CONDUCT AND CONFLICT OF INTEREST GUIDELINES

- c) Similarly, directors may never disclose or use confidential information gained by virtue of their association with the WCB for personal gain, or to benefit friends, relatives or associates.
- d) Directors are advised to seek guidance from the Board Chair or the President and Chief Executive Officer (the "CEO") with respect to what is considered confidential.

7. INVESTMENT ACTIVITY

Directors may not, either directly or through relatives or associates, acquire or dispose of any interest, including publicly traded shares, in any company while having undisclosed confidential information obtained in the course of work at the WCB which could reasonably affect the value of such securities.

8. OUTSIDE EMPLOYMENT OR ASSOCIATION

A director who accepts a position with any organization that could lead to a conflict of interest or situation prejudicial to the WCB interests, shall discuss the implications of accepting such a position with the Board Chair recognizing that acceptance of such a position may require the director's resignation from the BOD.

9. ENTERTAINMENT, GIFTS AND FAVOURS

- a) It is essential to efficient business practices that all those who associate with the WCB as suppliers, contractors or directors have access to the WCB on equal terms.
- b) Directors and members of their immediate families should not accept entertainment, gifts or favours that create or appear to create a favoured position for doing business with the WCB. Any firm offering such inducement shall be asked to cease; a sustained business relationship will be conditional on compliance with this Code.
- c) Similarly, directors may not offer or solicit gifts or favours in order to secure preferential treatment for themselves or the WCB.

CODE OF CONDUCT AND CONFLICT OF INTEREST GUIDELINES

- d) Under no circumstances may directors offer or receive cash, preferred loans, securities, or secret commissions in exchange for preferential treatment. Any director experiencing or witnessing such an offer must report the incident to the Board Chair or Corporate Secretary immediately.
- e) Gifts and entertainment may only be accepted or offered by a director in the normal exchanges common to established business relationships. An exchange of such gifts and entertainment shall create no sense of obligation.
- f) Inappropriate gifts received by a director should be returned to the donor and may be accompanied by a copy of this Code.
- g) Full and immediate disclosure to the Board Chair of borderline cases will always be taken as good-faith compliance with this Code.

10. USE OF THE WCB'S PROPERTY

- a) A director requires the WCB's approval to use property owned by the WCB for personal purposes, or to purchase property from the WCB unless the purchase is made through the usual channels also available to the public.
- b) Even then, a director must not purchase property owned by the WCB if that director is involved in an official capacity in some aspect of the sale or purchase.
- c) Directors may be entrusted with the care, management and cost-effective use of the WCB property and should not make significant use of these resources for their own personal benefit or purposes. Clarification on this issue should be sought from the Board Chair and/or the Corporate Secretary.
- d) Directors should ensure all WCB property that may be assigned to them is maintained in good condition and should be able to account for such property.
- e) Directors may not dispose of the WCB property except in accordance with the guidelines established by the WCB.

11. POST APPOINTMENT CONDUCT

CODE OF CONDUCT AND CONFLICT OF INTEREST GUIDELINES

- a) Directors shall not act, subsequent to their appointment as directors, in such a manner as to take improper advantage of their appointment. The highest standards will apply to their conduct in relation to the WCB.
- b) A director shall not, for a period of six months for each year of appointment as a director to a maximum of eighteen months after ceasing to be a director, directly or through any other person or persons, communicate with a director or with an officer or employee of the WCB for the purpose of influencing, for personal gain, the BOD or the WCB on any matter that was part of the director's duties and responsibilities or is part of the duties and responsibilities of a director.
- c) This prohibition does not, however, extend to a former director acting in the course of his or her responsibilities and duties as an official of a recognized worker or employer organization, or as an official of the Government of the Province of British Columbia, or of Canada, or of a government body under one of them.
- d) For the same period of time, the directors shall not conduct official business with a former director acting on behalf of himself or herself, or on behalf of another person or entity, except as an official of a recognized worker or employer organization, or as an official of the Government of the Province of British Columbia, or of Canada, or of a government body under them.
- e) Except in extraordinary cases or in emergencies, and then only as an interim measure, a director shall not serve as an employee of, or enter into a contract for services with, the WCB for a period of 3 months following the end of his or her appointment as director. Nor shall a director seek employment with, or enter into negotiations for a contract for services with, the WCB during that period.

12. BREACH OF CODE

A director found to have breached his/her duty by violating the Code of Conduct will be liable to censure or a recommendation for dismissal to the Minister of Skills Development and Labour.

13. IMPLEMENTATION

CODE OF CONDUCT AND CONFLICT OF INTEREST GUIDELINES

- a) The WCB is determined to behave, and to be perceived, as an ethical organization.
- b) Each director must adhere to the standards described in this Code of Conduct, and to the standards set out in applicable policies, guidelines or legislation.
- c) Integrity, honesty, and trust are essential elements of the WCB's success. Any director who knows or suspects a breach of this Code of Conduct and Conflict of Interest Guidelines has a responsibility to report it to the Board Chair or the Corporate Secretary.
- d) Conforming to this Code will not absolve a director of the responsibility to take such additional action as might be necessary to prevent Real, Potential or Apparent Conflicts of Interest.
- e) Conforming to this statement will not absolve a director from conforming to any specific references to conduct contained in the *Workers Compensation Act* or to the relevant provisions of legislation of more general application such as the Criminal Code.
- f) Directors will, before or on assuming their official duties and responsibilities, sign a document certifying that they have read and understood this Code and that, as a condition of their appointment, they will observe the Code.
- g) To demonstrate determination and commitment, the WCB requires each director to review and sign the Code **annually**. The willingness and ability to sign the Code is a requirement of all directors.

14. WHERE TO SEEK CLARIFICATION

The Board Chair or the Corporate Secretary will provide guidance on any item in this Code of Conduct and Conflict of Interest Guidelines. The Board Chair may at his/her discretion or at the request of a director, seek the advice of outside Counsel.

I ACKNOWLEDGE that I have read and considered the Code of Conduct and Conflict of Interest Guidelines for Directors of the WCB of British Columbia and agree to conduct

CODE OF CONDUCT AND CONFLICT OF INTEREST GUIDELINES

myself in accordance with the Code of Conduct and Conflict of Interest Guidelines for Directors.

Signature

Print Name

Date

**TERMS OF REFERENCE FOR THE VICE PRESIDENT, POLICY AND
RESEARCH DIVISION**

I. FUNCTION

- A. The Vice President, Policy and Research Division (“Vice President, Policy and Research”) is responsible for the leadership and management of the Workers Compensation Board’s (the “WCB”) Policy and Research Division (“PRD”).
- B. The PRD’s mandate is to ensure that the Board of Directors (the “BOD”) is provided with thoroughly researched “public interest” policy, research and regulatory alternatives and options which incorporate the views of the major constituents (workers, employers and the WCB administrative operating divisions).
- C. The Vice President will, from time to time, lead projects which require direct involvement in undertaking analysis, developing alternatives and presenting options and recommendations in support of the BOD’s policy and regulatory priorities.
- D. The Vice President, Policy and Research is an ex officio member of the Priorities and Governance Committee ~~and the Research Priorities Committee of the BOD.~~

II. RESPONSIBILITIES

The Vice President, Policy and Research shall:

- A. lead and manage the PRD;
- B. recommend annual plans and objectives to the BOD for approval;
- C. direct and monitor the activities of the PRD in a manner that ensures that plans and objectives approved by the BOD are met;
- D. recommend the PRD’s operating and capital budgets for approval by the President and CEO and monitor achievement of established operating plans;

**TERMS OF REFERENCE FOR THE VICE PRESIDENT, POLICY AND
RESEARCH DIVISION**

- E.** develop and recommend to the President and CEO the overall PRD organizational structure and staffing including hiring and evaluating the performance of Policy Directors;
- F.** function as a dynamic, contributory member of the BOD's Priorities and Governance Committee through responsible participation in the development and ranking of policy and regulatory initiatives;
- G.** ensure thoroughly analyzed and fully developed policy, research, regulatory and legislative amendment options are presented to the BOD;
- H.** undertake extensive consultation with WCB constituents, where appropriate, and establish consultative mechanisms appropriate to the issues being considered including the holding of public hearings;
- J.** develop and maintain a strong working relationship with key internal and external stakeholders including the Chair of the Workers' Compensation Appeal Tribunal (the "WCAT");
- K.** inform, consult with and take advice from the President and Chief Executive Officer ("CEO") on policy and regulatory matters ;
- L.** function as a dynamic and contributing member of the Senior Executive Committee (SEC) and work closely with SEC to ensure the impact of any proposed policy or regulatory changes on the corporate side of the WCB are clearly understood before options are presented;
- M.** utilize expertise and resources from other WCB's operating divisions as required;
- N.** analyze the impact of any proposed policy, regulatory or legislative change to the safety or health of workers, the compensation and rehabilitation of injured workers and the cost benefit to employers;
- J.** establish committees and subcommittees as required using secondments from other divisions and representatives from the worker and employer communities;
- K.** Work with policy and research counterparts in other jurisdictions to explore opportunities to share expertise and information and to harmonize

**TERMS OF REFERENCE FOR THE VICE PRESIDENT, POLICY AND
RESEARCH DIVISION**

policies and policy processes and research priorities and initiatives where appropriate; and

- L. manage sensitive situations and resolve them.

III. REPORTING RELATIONSHIPS

- A. The Vice President, Policy and Research shall report to the President and CEO.
- B. The Vice President, Policy and Research shall have direct access to the BOD Chair for the purpose of providing independent policy advice.
- C. The Vice President, Policy and Research shall maintain a strong working relationship with the Chair of the Research Advisory Committee.

TERMS OF REFERENCE FOR THE DIRECTOR, RESEARCH ~~SECRETARIAT~~

I. FUNCTION

- A. The role of the Director, Research ~~Secretariat~~ is to provide leadership and direction to the Research Secretariat through the fulfillment of the functions and responsibilities that have been created for it.
- B. The purpose of the Research Secretariat is to bring the necessary focus and governance to research and the related expenditures and to ensure accountable, continued scientific study as well as dissemination and application of ways to reduce injury, disease, impairment or disability arising from employment.
- C. The Research Secretariat reviews proposals, supports the work of the Research Advisory Committee (the "RAC"), and ensures strong links with the research community and other research organizations at the local, national and international levels.
- D. The Director, Research ~~Secretariat~~ is a non-voting member of the RAC of the Research Secretariat.
- ~~E. The Director, Research Secretariat is a non-voting member of the Research Priorities Committee ("RPC") of the Board of Directors ("BOD").~~

II. RESPONSIBILITIES

The Director, Research ~~Secretariat~~ shall:

- A. Function as a dynamic, contributory member of the RAC ~~and RPC~~ through responsible participation; development and ranking of research priorities, proposals, and initiatives; and development of annual plans.
- B. Assist the BOD where the ~~RPC~~ **Priorities and Governance Committee** contemplates not following the recommendation of the RAC on issues/projects and facilitate the BOD's decision-making in this respect.
- C. Ensure that research priorities reflect the needs of workplaces as identified by stakeholders through the RAC as well as through the Workers' Compensation Board (the "WCB") *Strategic Plan*.

TERMS OF REFERENCE FOR THE DIRECTOR, RESEARCH SECRETARIAT

- D.** Liaise with the Senior Executive Committee and other WCB personnel to ensure that research priorities do not conflict with WCB strategic initiatives.
- E.** Actively explore opportunities to develop the research function and Secretariat to assist the WCB in meeting its strategic objectives.
- F.** Work with the Vice-President, Policy and Research and the Chair, RAC to develop the Terms of Reference for the RAC and an annual research plan, based on the recommendations of the RAC, for review and final approval by the BOD.
- G.** Ensure that research priorities and plans approved by the BOD are met and that administrative efficiencies are maximized.
- H.** Ensure that a comprehensive, fair and consistent process is used to evaluate research proposals and outcomes. Ensure that research outcomes are tracked and that a needs and benefits analysis is applied prior to continuation of funding.
- I.** Retain external researchers to conduct in-house projects in accordance with established research priorities and criteria.
- J.** Maintain strong links and foster a close relationship with the research community. Represents the WCB on the AWCBC Research Committee and other research committees, as required.
- K.** Liaise with parallel agencies in other provincial and federal jurisdictions. Collaborate with other jurisdictions/organizations to avoid duplication of effort and to pursue joint projects and/or funding.
- L.** Recommend the Research Secretariat's operating and capital budgets for approval by the Vice-President, Policy and Research and monitor achievement of established operating plans.
- M.** Include in quarterly reports to the BOD, updates on the plans, accomplishments, and work in progress of the Secretariat and the RAC.
- N.** In conjunction with Finance, Legal Services, and others as necessary, ensure the effective and responsible use of monies awarded to researchers through the Secretariat's annual research competitions.

TERMS OF REFERENCE FOR THE DIRECTOR, RESEARCH ~~SECRETARIAT~~

- O.** Arrange and support publication, dissemination and application of research findings.
- P.** Develop and oversee a central database of WCB research activities and findings.

III. RELATIONSHIPS

- A.** The Director, Research ~~Secretariat~~ shall be hired by and report to the Vice President, Policy and Research.
- B.** The Director, Research ~~Secretariat~~ shall maintain a strong working relationship with the Chair of the RAC.

COMMITTEE MEMBERSHIP ROSTER

I. AUDIT COMMITTEE

Chair: Peter Morse
~~Arlene Ward~~ **Terry Brown**
Doug Enns
Director, Governance (ex officio)

II. HUMAN RESOURCES AND COMPENSATION COMMITTEE

Chair: ~~Cal Lee~~ **Roslyn Kunin**
~~Stephen Hunt~~ **Arlene Ward**
Doug Enns
President & CEO (ex officio)
Vice President, Human Resources and Facilities (ex officio)
Director, Governance (ex officio)

III. PRIORITIES AND GOVERNANCE COMMITTEE

Chair: ~~Roslyn Kunin~~ **Cal Lee**
~~Terry Brown~~ **Stephen Hunt**
Doug Enns
President & CEO (ex officio)
Vice President, Policy & Research Division (ex officio)
Director, Governance (ex officio)

~~IV. RESEARCH PRIORITIES COMMITTEE~~

~~Chair: Arlene Ward~~
~~— Roslyn Kunin~~
~~— Terry Brown~~
~~— Stephen Hunt~~
~~— Doug Enns~~
~~— Chair, Research Advisory Committee~~
~~— President & CEO~~
~~— Director, Research (ex officio)~~
~~— Vice President, Policy and Research Division (ex officio)~~
~~— Director, Governance (ex officio)~~

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

I. PURPOSE

- A.** The primary audit function of the Audit Committee (the “Committee”) is to assist the Board of Directors (the “BOD”) in fulfilling its oversight responsibilities by reviewing:
- i) the financial information that will be provided to the Province and the public;
 - ii) the systems of internal controls, that management and the BOD have approved;
 - iii) all audit processes;
 - iv) oversight of the investment fund and environmental management program; and
 - v) compliance with laws, regulations and policies that may apply to the Workers' Compensation Board (the “WCB”).
- B.** Primary responsibility for the financial reporting, information systems, risk management and internal controls of the WCB is vested in management and is overseen by the BOD.

II. COMPOSITION AND OPERATIONS

- A.** The Committee shall be composed of not fewer than three directors and not more than five directors.
- B.** All Committee members shall be financially literate, at least one shall have accounting or related financial experience¹ and one must be the director, who at the time of appointment, is an actuary.
- C.** Committee members must be independent of management and must be

¹ The BOD 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. 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.

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with their ability to act with a view to the best interests of the workers' compensation system.

- D.** The WCB's auditors shall be advised of the names of the Committee members and will receive notice of and be invited to attend Committee meetings, and to be heard at those meetings on matters relating to the auditor's duties.
- E.** The Committee shall meet with the external auditors as it deems appropriate to consider any matter that the Committee or auditors determine should be brought to the attention of the BOD.
- F.** The Committee shall meet at least four times each year. Meetings will be held not later than:
 - i) March – for approval of audited financial statements and receipt of external auditor's report; review of capital expenditures;
 - ii) May - for review of first quarter financials and capital expenditures;
 - iii) ~~August~~**July**- for review of first half financials and capital expenditures; and
 - iv) October - for review of third quarter financials and capital expenditures.
- G.** The Committee has access to the WCB's senior management and documents as required to fulfill its responsibilities and is provided with the resources necessary to carry out its responsibilities.
- H.** The Committee provides open avenues of communication among management, employees, external and internal auditors and the BOD.
- I.** The Committee shall have the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall be empowered to retain independent counsel, accountants, or others to assist it in the conduct of any investigation.

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

III. DUTIES AND RESPONSIBILITIES

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

A. Financial Statements and Other Financial Information

- i) Review and, where appropriate, approve or recommend for approval to the BOD financial information that will be made available to the Government and the public. This includes:
 - a) review and recommend for approval the WCB's annual audited financial statements and report to the BOD before the statements are approved by the BOD;
 - b) review and recommend for approval WCB's quarterly financial statements;
 - c) review and recommend to the BOD for approval, the financial content of any quarterly reports;
 - d) review and recommend approval of content of Annual Report, including Management's Discussion and Analysis;
 - e) review and recommend approval of the service plan, annual business plan and operating and capital budgets;
- ii) The Committee will review and discuss:
 - a) the appropriateness of accounting policies and financial reporting practices;
 - b) any significant proposed changes in financial reporting and accounting policies and practices to be adopted by the WCB;
 - c) any new or pending developments in accounting and reporting standards that may affect the WCB; and

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

- d) management's key estimates and judgments that may be material to financial reporting.

B. Risk Management, Internal Control and Information Systems

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

- i) review the WCB's process for assessing significant risks or exposures and the steps management have taken to minimize such risks to the WCB;
- ii) obtain reasonable assurance that the information systems are reliable and the systems of internal controls are properly designed and effectively implemented through discussions with and reports from management, the internal auditor and the external auditor;
- iii) review management's steps to implement and maintain appropriate internal control procedures including a review of significant financial policies;
- iv) review adequacy of security of information, information systems and recovery plans;
- v) monitor compliance with statutory and regulatory obligations;
- vi) review the appointment of the Chief Financial Officer taking into consideration, among other factors, previous employment by the Corporation's external auditor;
- vii) review the adequacy of accounting and finance resources; and
- viii) review the financial expenditure authority policy.

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

C. Internal Audit

The Committee will oversee the WCB's internal audit function and the internal audit relationship with the auditor and with management. This includes:

- i) review the organization and independence of the internal auditor;
- ii) review goals, resources and work plans;
- iii) review any restrictions or problems;
- iv) review recommendations and significant responses;
- v) meet periodically and at least annually, with the Director, Internal Audit without management present; and
- vi) review and approve proposed changes in the position of Director, Internal Audit.

D. External Audit

The external auditor is ultimately responsible to the Committee and the BOD. The Committee will review the planning and results of external audit activities and the ongoing relationship with the external auditor. This includes:

- i) review and recommend to the BOD the engagement of the external auditor;
- ii) review the annual external audit plan, including but not limited to the following:
 - a) engagement letter;
 - b) objectives and scope of the external audit work;
 - c) changes in independent accounting and auditing standards;

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

- d) materiality limit;
 - e) areas of audit risk;
 - f) staffing;
 - g) timetable; and
 - h) proposed fee;
- iii) meet with the external auditor to discuss the Corporation's quarterly and annual financial statements and the auditor's report including the appropriateness of accounting policies and underlying estimates;
- iv) review and advise the BOD with respect to the planning, conduct and reporting of the annual audit, including but not limited to:
- a) any difficulties encountered, or restriction imposed by management, during the annual audit;
 - b) any significant accounting or financial reporting issue;
 - c) the auditors' evaluation of the WCB's system of internal controls, procedures and documentation;
 - d) the post audit or management letter containing any material findings or recommendation of the external auditor, including management's response thereto and the subsequent follow-up to any identified internal control weaknesses; and
 - e) any other matters the external auditor brings to the Committee's attention;
- v) assess the performance and consider the annual appointment of external auditors for recommendation to the BOD;

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

- vi) review the auditor's report on any material subsidiaries;
- vii) review and receive assurances on the independence of the external auditor;
- viii) 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
- ix) meet periodically, and at least annually, with the external auditor without management present.

E. External Actuary

The external actuary is ultimately responsible to the Committee and the BOD as representatives of the shareholder. The Committee will review the planning and results of external actuary's activities and the ongoing relationship with the external actuary. This includes:

- i) review and recommend the engagement of the external actuary;
- ii) review and recommend to the BOD the engagement of the external actuary;
- iii) review the nature of all services and related fees;
- iv) meet with the external actuary to discuss the Corporation's quarterly and annual financial statements and the actuary's report including the appropriateness of actuarial policies and underlying estimates; and
- v) review and receive assurances on the independence of the external actuary.

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

F. Investment Fund

The Committee shall:

- i) review the investment fund policy and make appropriate recommendations;
- ii) review nominations of independent members of the Investment Committee;
- iii) semi-annually review the performance of the Investment Committee; and
- iv) ensure that the Investment Committee and Minister of Finance are satisfied that the investment fund is being managed within established policy.

G. Environment

The Committee shall:

- i) receive reports concerning the WCB's environmental management program at least once per year; and
- ii) review ongoing environmental compliance issues as they occur.

H. Other

The Committee shall:

- i) review with the external auditor, internal auditor and the actuary, the relationships existing between them to ensure an effective liaison in the coordination of audit effort regarding completeness of coverage, avoidance of redundant efforts, and the effective use of audit resources;
- ii) review insurance coverage of significant business risks and uncertainties;

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

- iii) review material litigation and its impact on financial reporting and meet at least annually with the Corporation's General Counsel to review outstanding legal issues relating to WCB;
- iv) ensure the WCB has established procedures for the receipt and treatment of complaints received by the Corporation regarding accounting or audit matters and anonymous submissions by employees of concerns regarding questionable accounting or auditing matters;
- v) retain the right to the opportunity to undertake exit interviews with senior financial staff;
- vi) review policies and procedures for the review and approval of officers' expenses and perquisites;
- vii) review the overall reasonableness of expenses incurred and claimed by the Board Chair ~~and the President and Chief Executive Officer (the "CEO");~~;
- viii) review the process for BOD purchases, including the engagement of independent counsel;
- ix) review single source and confidential purchase decisions approved by the BOD, including the contract for service and the outcome of the contract (confidential purchase decisions to be reviewed in-camera);
- x) review the terms of reference for the Committee annually and make recommendations to the BOD as required;
- xi) evaluate the performance of the Audit Committee annually;
- xii) receive regular reports from the Vice-President, Finance regarding the Division's major activities and initiatives;**
- xiii) ratify all agreements over \$6 million with associations, groups of persons, organizations and large institutions under Section**

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

21(6) of the *Workers Compensation Act* for the provision of health care and report such approvals to the BOD at its next regular meeting; and

xiii)xiv) perform such other functions as assigned by law or the BOD, and may review other items of an internal control or risk management nature that may from time to time be brought before the Committee.

IV. ACCOUNTABILITY

- A. The Committee shall report to the BOD on a regular basis all such action it has taken since the previous report. In addition, the Audit Committee shall report its findings and observations with respect to the WCB's audited financial statements and, if appropriate, recommend approval by the BOD.
- B. The Audit Committee shall also report its findings relative to the adequacy of financial systems and controls and its observations from in-camera discussion with the external auditor and internal auditors and where appropriate, shall liaise with the Human Resources and Compensation Committee on the performance of senior officers as they relate to fiscal responsibility and management.
- C. In the absence of express authority from the BOD, the Audit Committee does not have the responsibility or authority for altering the financial statements or the accounting procedures of the WCB.

V. COMMITTEE TIMETABLE

The timetable on the following pages outlines the Committee's schedule of activities.

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

Agenda Items	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
A. Financial Statements and Other Financial Information												
i) Review and recommend financial information including:												
a) annual audited financial statements			✓									
b) quarterly financial statements (including reports of significant monthly administrative budget variances)					✓		✓			✓		
c) financial content of quarterly reports					✓		✓			✓		
d) Annual Report			✓									
e) service plan, annual business plan and operating and capital budgets										✓		
ii) Review and discuss:												
a) appropriateness of accounting policies and financial reporting practices			✓									
b) significant proposed changes in financial reporting and accounting policies			✓									✓
c) new or pending developments in accounting and reporting standards			✓									✓

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

Agenda Items	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
d) management's key estimates			✓									✓
B. Risk Management, Internal Control & Information Systems												
i) Review process for assessing significant risk or exposures and steps taken to minimize such risks			✓									
ii) Obtain reasonable assurance that information systems are reliable and internal control systems are properly designed and effectively implemented			✓									
iii) Review management steps to implement and maintain appropriate internal control procedures			✓									
iv) Review adequacy of security of information, information systems and recovery plans	✗		✓									
v) Monitor compliance with statutory and regulatory obligations							✓					
vi) Review appointment of CFO	as required											
vii) Review adequacy of accounting and finance resources			✓									
viii) Review financial expenditure policy	✓											
ix) Review Enterprise Risk										✓		

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

Agenda Items	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
C. Internal Audit												
i) Review organization and independence of internal auditor	✓											
ii) Review goals, resources and work plans	✓				✓		✓			✓		
iii) Review restrictions or problems	✓				✓		✓			✓		
iv) Review recommendations and significant responses	✓				✓		✓			✓		
v) Meet with Director, Internal Audit without management present	✓				✓		✓			✓		
vi) Review and approve proposed changes in the position of Director, Internal Audit	as required											
D. External Audit												
i) Review and recommend engagement of external auditor					✓							
ii) Review annual external audit plan										✗		✓
iii) Meet with external auditor to discuss quarterly and annual financial statements and auditor's report			✓									
iv) Review and advise BOD on planning, conduct and reporting of annual audit										✗		✓

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

Agenda Items	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
v) Assess performance and consider annual appointment of external auditors for recommendation to BOD					✓							
vi) Review auditor's report on material subsidiaries			✓									
vii) Review and receive assurances on independence of external auditor										✓		✓
viii) Review non-audit services to be provided by external auditor or its affiliates and consider impact on independence of external audit										✓		✓
ix) Meet with external auditor without management present.			✓							✓		✓
E. External Actuary												
Review planning and results of external actuary's activities and ongoing relationship with external actuary including:												
i) Nomination or discharge of external actuary			✓		✓							
ii) Review and recommend engagement of the external actuary			✓		✓							
iii) Review nature of all services and related fees			✓		✓							

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

Agenda Items	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
iv) Meet with external actuary to discuss quarterly & annual financial statements and actuary's report	✓				✗		✓			✗		
v) Review and receive assurances on independence of external actuary	✓									✗		
F. Investment Fund												
i) Review investment fund policy and make recommendations	✓						✓					
ii) Review nominations of independent Investment Committee members	✓											
iii) Review Investment Committee performance	✓						✓					
iv) Ensure Investment Committee & Finance Minister are satisfied with fund management and policy	✓											
G. Environment												
i) Receive reports on environmental management program			✓									
ii) Review ongoing environmental compliance issues			✓									
H. Other												
i) Review relationships between external & internal auditors and actuary			✓									

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

Agenda Items	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
ii) Review insurance coverage of significant business risks and uncertainties			✗		✓							
iii) Review material litigation and its impact on financial reporting	✓		✓				✓			✓		✓
iv) Ensure there are procedures for receipt and treatment of complaints regarding accounting or audit matters and anonymous submissions by employees regarding questionable accounting or auditing matters							✗			✓		✗
v) Retain the right to the opportunity to undertake exit interviews with senior financial staff	as required											
vi) Review policies and procedures to review and approve officers' expenses and perquisites	✓											
vii) Review expenses claimed by Board Chair and CEO	✓		✓		✓		✓			✓		✓
viii) Review process for BOD purchases, including the engagement of independent counsel												✓
ix) Review single source and confidential Purchase Decisions approved by BOD	As Required											

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

Agenda Items	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
x) Review and recommend terms of reference for the Committee	✓											
xi) Evaluate Audit Committee performance	✓											
xii) Review and discuss activity reports made by the Vice-President, Finance	✓		✓		✓		✓			✓		✓
xiii) Audit Chair to meet in-camera with key employees in relation to accounting or auditing matters to discuss whistle blowing procedure										✓		
xiv) Ratify health care contracts over \$6 million	As Required											
xiv xv) Review other items of an internal control or risk management nature	As Required											
I. Bring Forward Items												
i) Real estate plan – update	✓						✓					
ii) Report of significant write-offs			✗		✓							✓
iii) Audit business intelligence (review employer compliance and reporting and remitting requirements)					✓							
iv) Claims Management Project Updates	As Required											

**TERMS OF REFERENCE FOR THE HUMAN RESOURCES AND
COMPENSATION COMMITTEE**

I. PURPOSE

The purpose of the Human Resources and Compensation Committee (the "Committee") is to provide advice and recommendations to the Board of Directors (the "BOD") on significant issues related to human resources and employee compensation that will assist in ensuring that:

- A.** human resources management and employee compensation policies are consistent with the goals of the organization and the practices of other comparable Crown Agencies and meet applicable requirements set by Government;
- B.** human resources management and employee compensation policies meet the test of public scrutiny;
- C.** the BOD has the necessary information to make appropriate decisions with respect to human resources management and employee compensation issues; and
- D.** the proper analysis has been done before human resources management and compensation issues are forwarded to the BOD for approval.

II. DEFINITIONS

Where used herein, the following expressions have the respective meanings attributed to them unless modified by the context:

- A.** "Bargaining Unit Staff" includes, separately, those employees covered by the Collective Agreement between the BOD and the Compensation Employees' Union, and those physicians covered by the Administrative Policy between the Workers' Compensation Board (the "WCB") and the Salaried Physicians;
- B.** "Directly Reporting Employees" means the President and Chief Executive Officer ("CEO") and the Director, Governance.
- C.** "Executive Management" means all directly reporting employees, the Vice Presidents and the General Counsel and Secretary to the BOD;

**TERMS OF REFERENCE FOR THE HUMAN RESOURCES AND
COMPENSATION COMMITTEE**

- D. "Management" means directors, managers and professional employees of the WCB who are not Executive Management; and
- E. "Exempt Support Staff", means employees who are not members of a bargaining unit but who are in union equivalent positions.

III. COMPOSITION AND ORGANIZATION

- A. The Committee shall consist of at least three, and not more than five BOD Directors. The CEO will be an ex-officio member of the Committee.
- B. The Committee shall meet not less than four times per year.

IV. DUTIES AND RESPONSIBILITIES

Subject to the powers and duties of the BOD, the BOD hereby assigns to the Committee the following powers and duties and responsibilities as they pertain to the WCB administrative organization led by the CEO.:-

A. Duties and Responsibilities to lead and implement.

The Committee shall:

- i) Design the process for the annual evaluation of the CEO and the Director, Governance.
- ii) Ensure the above processes are approved by the BOD.
- iii) Ensure the evaluation processes are implemented each year.

B. Duties and Responsibilities to Review and Make Recommendations to Board of Directors

The Committee shall review the following matters and provide recommendations to the BOD for approval from time to time:

**TERMS OF REFERENCE FOR THE HUMAN RESOURCES AND
COMPENSATION COMMITTEE**

- i) the salary structures, benefit programs and salary increase budgets for Executive Management, Management and Exempt support staff, and changes to them;
- ii) the compensation policy and parameters for Executive Management, and changes to them;
- iii) the terms of employment, including employment contracts, if any, of Directly Reporting Employees, which the Committee will jointly negotiate with the Board Chair and jointly submit to the BOD for approval;
- iv) the criteria and the signing authority under which exception to policy may be made with respect to an individual employee's coverage under the terms of the Superannuation Plan or any other employee benefit plan;
- v) policies with respect to payments to employees and to BOD ~~directors~~**members** (e.g. business travel and expenses, relocation assistance, executive vehicles, severance policy);
- vi) the mandate within which the WCB will negotiate an agreement with Bargaining Unit Staff;
- vii) the settlement arising from negotiations with Bargaining Unit Staff, which the Committee will jointly review with the Board Chair and jointly submit to the BOD for approval;

**TERMS OF REFERENCE FOR THE HUMAN RESOURCES AND
COMPENSATION COMMITTEE**

- viii) a process by which performance agreements are to be made between the BOD and Directly Reporting Employees and by which performance evaluations are to take place, which the Committee will jointly develop with the Board Chair and jointly submit to the BOD for approval. This process will include the scheduling of meetings between the BOD and Directly Reporting Employees to review the previous year's performance plans and establish new performance agreements for the coming year.

C. Duties and Responsibilities to Review and Keep the Board of Directors Advised

The Committee shall review and provide advice to the BOD on the following matters:

- i) the WCB's Annual Human Resources Business Plan, including activities, priorities, objectives, key action plans, milestones and measurements;
- ii) the WCB's organization structure, including associated policies, and planned significant changes;
- iii) the WCB's annual training and development plan for employees, including details of intended training and development and the results of the previous year;
- iv) the CEO's succession plans for Executive Management, including specific development plans and career planning for potential successors to Executive Management positions;
- v) all appointments to Executive Management before they are made;
- vi) Standards of Conduct and Conflict of Interest Guidelines for Employees;
- vii) Regular reports from the VP, Human Resources on significant Divisional activities and initiatives;
- viii) Regular reports on progress during collective bargaining; and

**TERMS OF REFERENCE FOR THE HUMAN RESOURCES AND
COMPENSATION COMMITTEE**

ix) Requirements of the *Public Sector Employers' Act* regarding compensation practices and the terms and conditions for the termination of management employees and any changes to those requirements and their impact on WCB's existing policies and practices.

V. ACCOUNTABILITY

- A.** A copy of the approved Minutes of each meeting of the Committee shall be included for information with the agenda items for the next meeting of the BOD, and the inclusion of these minutes will be deemed to be the Committee's advice to the BOD with respect to its activities.
- B.** Any of the Committee's activities that require action or approval on the part of the BOD will be separately included on the agenda of the next regular meeting of the BOD.

VI. COMMITTEE TIMETABLE

The major annual activities of the Committee are outlined in the schedule on the following page. This schedule will be updated annually in anticipation of the following year's activities.

**TERMS OF REFERENCE FOR THE HUMAN RESOURCES AND
COMPENSATION COMMITTEE**

Agenda Items	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
A. Lead and Implement												
i) Design process to evaluate CEO and other Directly Reporting Employees			√									
ii) Ensure evaluation processes from item i) are approved by the BOD						√						
iii) Ensure evaluation processes from item i) are implemented annually										√		
B. Review and Make Recommendations												
i) Salary structures, benefit programs and salary increase budgets for Executive Management, Management and Exempt support staff, and changes to them			√			√						
ii) Compensation policy and parameters for Executive Management and changes to them			√			√						
iii) Terms of employment of Directly Reporting Employees												√
iv) Criteria and signing authority under which exception to policy may be made with respect to an employee's coverage under the Superannuation Plan or any other benefit plan												√
v) Policies with respect to payments to employees and directors						√						
vi) The mandate within which WCB will negotiate agreement with Bargaining Unit Staff	<i>as required</i>											
vii) The settlement arising from negotiations with Bargaining Unit Staff and jointly submit to the BOD for approval.	<i>as required</i>											

**TERMS OF REFERENCE FOR THE HUMAN RESOURCES AND
COMPENSATION COMMITTEE**

Agenda Items	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
viii) The process by which performance agreements are to be made between the BOD and Directly Reporting Employees and by which performance evaluations and any bonus payments are to take place.												√
C. Review and Keep the BOD Advised												
i) HR Business Plan			√							√		
ii) Organization Structure			✗			✗				√		
iii) Annual training and development plan for employees			√			✗						
iv) CEO's succession plans for executive management			√			✗						
v) All appointments to Executive Management	<i>as required</i>											
vi) Code of Conduct and Conflict of Interest Guidelines for Employees										√		
vii) Report from VP on significant Divisional Activities and Initiatives			√			√				√		√
viii) Collective Bargaining Progress Reports	<i>as required</i>											
ix) Requirements of the <i>Public Sector Employers' Act</i> regarding compensation practices and terms and conditions for termination of management employees and any changes to those requirements and their impact on existing policies and practices.						√						

TERMS OF REFERENCE FOR THE PRIORITIES AND GOVERNANCE COMMITTEE

I. PURPOSE

- A. The purpose of the Priorities and Governance Committee (the "Committee") is to provide a focus on governance that will enhance the organization's performance. The Committee's purpose is to develop and recommend the **research, policy and regulatory** priorities for the Board of Directors (the "BOD"). In developing the priorities, the Committee shall take into consideration the mandate of the BOD, the needs of the organization, the views of the stakeholders and the time available for BOD deliberation.
- B. The Committee's purpose includes recommending operating guidelines and procedures for the BOD, assessing and making recommendations regarding the BOD's effectiveness, **making recommendations regarding the funding of research projects** and establishing a process for recommending the criteria for new directors to the Minister of Skills Development and Labour (the "Minister").
- C. While stakeholder views in all these areas will be a significant factor in formulating Committee recommendations, the Committee will act in the best interests of the organization and all stakeholders in advising the BOD. In each case, the final decision will rest with the BOD.

II. COMPOSITION AND ORGANIZATION

The Committee shall consist of:

- A. **At least** three directors, one of whom shall be the Board Chair. **The Chair of the disbanded Research Priorities Committee shall attend meetings when matters of research are discussed and shall be a member of the Committee during such discussions.**
- B. The President and Chief Executive Officer (the "CEO") and the Vice President, Policy and Research Division will be ex-officio members of the Committee.
- C. The Committee shall meet not less than four times per year.

**TERMS OF REFERENCE FOR THE PRIORITIES AND GOVERNANCE
COMMITTEE**

III. DUTIES AND RESPONSIBILITIES

The Committee has the responsibility to:

- A.** Develop and recommend the priorities for the BOD on a quarterly basis. A plan and time frame for addressing the priorities should be presented to the BOD each quarter.
- B.** Review and provide advice on specific policy proposals as required.
- C.** **Develop and recommend research priorities for the BOD on an annual basis. This includes integrating the priorities of the WCB administrative organization, the Policy and Research Division and the WCB's stakeholders. A plan and timeframe for addressing the research funding cycle should be presented to the BOD each year.**
- D.** **Develop recommendations for the BOD on the funding of research projects and the allocation of research funds. The recommendations must consider the advice and recommendations of the Research Advisory Committee.**
- C.E.** Meet with major stakeholder groups on an as needed basis to receive their thoughts and ideas regarding the priorities the BOD might be addressing.
- D.F.** Draft, and annually review, for BOD approval, a BOD Manual. This Manual must outline the operating policies and procedures by which the BOD operates including terms of reference, agendas and BOD Operating Guidelines and processes.
- E.G.** Annually develop, and update a long-term plan for BOD composition that considers the current strengths, skills and experience of the Board of Directors, terms and the strategic direction of the WCB, for approval by the BOD.
- F.H.** Develop recommendations regarding the essential and desired experiences and skills for potential directors, taking into consideration the BOD's short-term needs and long-term succession plans.

**TERMS OF REFERENCE FOR THE PRIORITIES AND GOVERNANCE
COMMITTEE**

- G.I.** In consultation with the Board Chair, recommend to the BOD for subsequent recommendation to the Minister, criteria and potential candidates for consideration when it is appointing directors.
- H.J.** Review the directors' compensation program and make recommendations to the BOD for subsequent recommendation to the Minister as required.
- I.K.** Ensure there is a system that enables a committee or director to engage separate independent counsel in appropriate circumstances, at the WCB's expense, and be responsible for the ongoing administration of such a system.
- J.L.** Recommend to the BOD, and implement on an annual basis, an appropriate evaluation process for the BOD as a whole, the Board Chair, committees and Board members individually.
- K.M.** Review, monitor and make recommendations regarding the orientation and ongoing development of directors.
- L.N.** Recommend to the BOD any reports on corporate governance that may be required or considered advisable.
- M.O.** At the request of the Board Chair or the BOD, undertake such other corporate governance initiatives as may be necessary or desirable to contribute to the success of the WCB.

IV. ACCOUNTABILITY

The Committee shall report to the BOD at its next regular meeting all such action it has taken since the previous report.

V. COMMITTEE TIMETABLE

The major annual activities of the Committee are outlined in the schedule on the following page.

**TERMS OF REFERENCE FOR THE PRIORITIES AND GOVERNANCE
COMMITTEE**

Agenda Items	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
A. Develop and recommend priorities to the BOD		√		√			√		√			
B. Review and advise on specific policy proposals	<i>as required</i>											
C. Stakeholder meetings.	<i>as required</i>											
D. Review and recommend changes to BOD Manual as required, including committee terms of reference and the following:									√			
E. Review long term BOD composition									√			
F. Develop recommendations regarding essential and desired experiences and skills for potential directors									√			
G. Recommend criteria and potential candidates for consideration when appointing directors	<i>as required</i>											
H. Review & recommend directors' compensation program									√			
I. Ensure there is a system that enables a committee or director to engage separate independent counsel in appropriate circumstances, at the WCB's expense, and be responsible for the ongoing administration of such a system.									√			

**TERMS OF REFERENCE FOR THE PRIORITIES AND GOVERNANCE
COMMITTEE**

Agenda Items	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
J. Recommend and implement evaluation process for BOD, Chair, committees and BOD members				√								
K. Review the orientation and ongoing development of BOD members				√								
L. Recommend any reports on corporate governance that may be required or considered advisable	<i>as required</i>											
M. At the request of the Board Chair or the BOD, undertake such other corporate governance initiatives as may be necessary or desirable	<i>as required</i>											
Research Priorities:												
Recommended Priorities									✓			
Recommended Projects for Funding							✓					

TERMS OF REFERENCE FOR THE RESEARCH PRIORITIES COMMITTEE

~~I. PURPOSE~~

~~A. The purpose of the Research Priorities Committee (the "Committee") is to provide a focus on governance that will enhance the Research Secretariat's performance. The mandate of the Research Secretariat is to establish and maintain a credible, effective and transparent research funding program. The Committee's purpose is to develop and recommend annual research priorities for the Board of Directors (BOD). In developing the priorities, the Committee shall take into consideration the mandate of the BOD and the Research Secretariat, the needs of the organization, the views of the stakeholders expressed through the Research Advisory Committee and the time available for BOD deliberation.~~

~~B. The Committee's purpose includes making recommendations to the BOD regarding the funding of research projects. In doing so, the Committee considers the advice and recommendations of the Research Advisory Committee.~~

~~C. While the views of the Research Advisory Committee will be a significant factor in formulating Committee recommendations, the Committee will act in the best interests of the organization and all stakeholders in advising the BOD. In each case, the final decision will rest with the BOD.~~

~~II. COMPOSITION AND TERM OF OFFICE~~

~~A. The Committee shall consist of at least three members of the BOD. The President and CEO and the Chair of the Research Advisory Committee will be members of the Committee. The Director of the Research Secretariat and the Vice President, Policy and Research will be ex-officio members of the Committee.~~

~~B. A member of the BOD shall be the Chair of the Committee. The Committee shall serve as a standing committee of the BOD.~~

~~C. Members of the Committee are eligible for re-appointment at the will of the BOD.~~

~~D. The Committee shall meet not less than twice per year.~~

TERMS OF REFERENCE FOR THE RESEARCH PRIORITIES COMMITTEE

~~III. DUTIES AND RESPONSIBILITIES~~

- ~~A. Develop and recommend research priorities for the BOD on an annual basis. This includes integrating the priorities of the WCB administrative organization, the Policy and Research Division and the WCB's stakeholders (through the Research Advisory Committee). A plan and time frame for addressing the Secretariat's funding cycle should be presented to the BOD each year.~~
- ~~B. — Develop recommendations for the BOD on the funding of research projects and the allocation of research funds. The recommendations must consider the advice and recommendations of the Research Advisory Committee.~~
- ~~C. — Develop and recommend an Annual Board Forward Agenda.~~
- ~~D. Develop, and review, terms of reference for the Director of the Research Secretariat and the Chair of the Research Advisory Committee as required for approval by the BOD.~~

~~IV. ACCOUNTABILITY~~

~~The Committee will report to the BOD at its next regular meeting all such action it has taken since the previous report.~~

TERMS OF REFERENCE FOR THE RESEARCH PRIORITIES COMMITTEE

~~V. COMMITTEE TIMETABLE~~

The major annual activities of the Committee are outlined in the schedule below.

V. RESEARCH PRIORITIES COMMITTEE												
Agenda Items	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Recommend priorities: III(A)										✓		
Recommend projects for funding.							✓					
Develop annual board agenda. III(D)												✓
Review terms of reference for the Director of the Research Secretariat and the Chair of the RAC. III(E)												✓

ORIENTATION AND ONGOING DEVELOPMENT OF DIRECTORS

I. PURPOSE

- A. Orientation is intended to prepare new directors for their role at the WCB. Orientation is also extremely useful for all directors to ensure they are operating from the same page. Orientation is a strong team-building activity that will be conducted once a year, either before a regular Board of Directors (BOD) meeting or during the annual BOD retreat -- particularly after new directors have been recruited.
- B. The Priorities and Governance Committee, the BOD Chair and the CEO share the responsibility to ensure that there is a new director orientation program and that directors receive continuing education/development as required.
- C. 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 BOD meetings, as well as opportunities for meetings and discussion with senior management and other directors.
- D. The orientation program for each new director will be tailored to that director's needs and areas of interest. As well, there may be occasion for all directors to participate in special orientation sessions that are to educate and inform on issues of strategic importance to the Corporation.
- E. In addition to orientation, Directors should be provided with continuing education and development opportunities so that individuals may maintain and enhance their

ORIENTATION AND ONGOING DEVELOPMENT OF DIRECTORS

skills and abilities as directors, as well as to ensure their knowledge and understanding of the WCB's business remains current.

II. BOARD OF DIRECTORS' ORIENTATION

The following information is to be conveyed to new BOD members at their time of orientation. The focus of the orientation will be tailored to the specific needs of each Director. New Directors will be given the opportunity to meet with the Board Chair and the President and CEO to discuss their specific needs prior to the orientation.

Information	Issues	Presentation Options
About the WCB		
Program	Offer new BOD members a feel for the work of the WCB – the program philosophy – what it does, whom it serves, what value it adds- to get them emotionally and intellectually connected and motivated.	<ul style="list-style-type: none"> • Tour of facilities • Introduction to SEC • Observation of program activities (e.g. Call Centre) • Verbal Presentations • Written Materials
Finances	<p>Help new BOD members become informed about funding, spending and the overall state of the WCB's financial health, including their role in making decisions that impact the Accident Fund and the funding status.</p> <p>How to read a financial statement.</p> <p>Overview of Investment Function.</p>	<ul style="list-style-type: none"> • Presentation by CFO and Treasurer • Background materials (financial statements and most recent audits, budget, estimates, investment policy, FEAP)

ORIENTATION AND ONGOING DEVELOPMENT OF DIRECTORS

Information	Issues	Presentation Options
History	Provide sufficient knowledge about the past so that the present makes sense. Also help new BOD members see their own participation as part of the organization's ongoing story.	<ul style="list-style-type: none"> • Presentation on Historic Compromise and the evolution of WCB and its Governance Model
Strategic Direction	Present a framework for new members to participate effectively. Clarify the mandate, mission, vision, guiding principles and premises and their implementation, and goals that inform strategic initiatives and actions.	<ul style="list-style-type: none"> • Presentation/Discussion by CEO and BOD Chair • Copy of Strategic Plan and Annual Report and Service Plan
Organizational Structure	Help new BOD members understand who does what and lines of accountability.	<ul style="list-style-type: none"> • Organization Chart • Introductions to Senior Executive • Presentation Overviews of major operating areas
About the BOD		
BOD Roles	Ensure that new Directors understand the roles of the BOD.	<ul style="list-style-type: none"> • Presentation/discussion • Written materials
Major BOD Responsibilities	Ensure that new Directors understand their responsibilities and BOD members.	<ul style="list-style-type: none"> • Presentation/discussion • Conflict Guidelines • BOD and Director Terms of Reference • Legislation
BOD Operations	Help new Directors understand how the BOD operates so that they may participate effectively.	<ul style="list-style-type: none"> • BOD Manual • Committee Terms and Member Lists

ORIENTATION AND ONGOING DEVELOPMENT OF DIRECTORS

BOD Members	Facilitate new Director integration with other Directors	<ul style="list-style-type: none">• Meeting Schedule• Minutes from Previous meetings• One-on-one meetings with Committee Chairs• List of BOD Members and biographical data• Time set aside for social interaction
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III. ONGOING DEVELOPMENT

One BOD meeting will be held each year to discuss emerging issues in governance and related matters. An expert in governance or another relevant field will facilitate the session and will provide a re-fresher on governance responsibilities and best practices.

Significant legal cases on governance issues will be provided and discussed as well as case scenarios of conflict issues.

The Session will also provide an opportunity for BOD members to identify where particular development opportunities may be required (e.g., financial literacy).

Each year, Directors will receive information regarding available director/governance education and development opportunities. Directors will be encouraged to participate in such opportunities from time to time and/or when a knowledge or skill gap has been identified. Enrolment in the Director Programs offered by the Institute of Corporate Directors and the Conference Board of Canada-or one or more of the modules offered by these two programs- will be encouraged.

ORIENTATION AND ONGOING DEVELOPMENT OF DIRECTORS

The enrolment costs of such programs will be covered by the WCB. Time for travel, preparation and course attendance, however, is not reimbursable

A sufficient amount of resources will be allocated each year for Director education/training programs. The annual budget amount will be approved by the Chair of the Priorities and Governance Committee.

PROCESS FOR BOD PURCHASES, INCLUDING THE ENGAGEMENT OF INDEPENDENT COUNSEL

1. PURPOSE

Full discretion in certain purchasing decisions (including the engagement of independent counsel) is a key element in enabling the BOD to make decisions that will assist the BOD (and ultimately the WCB) in fulfilling its mandate.

Normally, BOD purchases will be made through the established WCB purchasing guidelines. However, certain purchasing decisions (including the engagement of independent counsel) made *in camera* will be executed through the process outlined below.

2. PROCESS

All BOD purchase decisions will be made by the BOD as a whole after discussing the issue during a regular or special meeting.

A. Normal Course BOD Purchase Decisions

- i) All BOD purchase decisions over \$100,000 will be executed following the established WCB Corporate Supply Management ("CSM") guidelines.
- ii) All BOD purchase decisions, the effect of which are determined by the BOD to pose a significant risk to the reputation or integrity of the BOD and WCB, will be executed following established CSM guidelines. Such decisions may include purchases of advice or services that are widely available and do not require a subjective judgement as to their effectiveness.
- iii) A reputational risk includes repeated, sole source purchase decisions from a single vendor.

B. Single Source BOD Purchase Decisions

- i) BOD single source purchase decisions made *in camera* and which have been determined not to pose a risk to the reputation or integrity of the BOD and WCB will not be executed following established CSM guidelines.

PROCESS FOR BOD PURCHASES, INCLUDING THE ENGAGEMENT OF INDEPENDENT COUNSEL

- ii) Such decisions may include the selection of an individual or firm that provides highly specialized advice or independent counsel, where trust in, and reliability of, the advice or counsel are paramount to the BOD.
- iii) Single source purchase decisions approved by the BOD will be communicated in writing to the Director, Governance, who will instruct CSM to execute a contract with the service provider on behalf of the BOD on terms and conditions determined by the BOD.
- iv) The Director, Governance will place the purchase decision, the contract for service and the outcome of the contract before the Audit Committee at its next scheduled meeting.

C. Confidential BOD purchase decisions

In rare circumstances, the BOD may wish to purchase a professional service with regard to a highly sensitive issue that should not be disclosed to management in the best interests of the WCB. Such a service may include legal, audit, or other technical advice.

- i) BOD confidential purchase decisions made *in camera* and deemed by the BOD to be of a highly sensitive nature that should not be disclosed to management will not be executed following CSM guidelines.
- ii) The BOD will instruct the Director, Governance in writing to execute a contract with the selected individual or firm.
- iii) The Director, Governance will contact the individual or firm and execute a contract or letter of understanding, including terms and conditions as determined by the BOD. The Director, Governance will ensure that all invoices and outputs are delivered to the Director, Governance who will retain all records for audit purposes.
- iv) The Director, Governance will execute a cheque request and will deliver the cheque request to a designated individual in Accounts Payable. The Director, Governance will not supply CSM with any details of the contract unless otherwise instructed by the BOD.

**PROCESS FOR BOD PURCHASES, INCLUDING THE ENGAGEMENT OF INDEPENDENT
COUNSEL**

- v) The Director, Governance will ensure that the purchase decision, contract, invoice and contract outputs are placed before the *in camera* session of the Audit Committee at the next scheduled meeting.
- vi) The Director, Governance will ensure that confidential BOD purchase decisions are consistent with WCB purchasing policies as much as practicable.**

BOARD OF DIRECTORS' REMUNERATION AND EXPENSES

I. APPLICATION

- A. A "director" shall mean a member of the Board of Directors (the "BOD") of the Workers' Compensation Board (the "WCB").
- B. In consideration of carrying out their responsibilities under the *Act*, the directors shall be paid out of the accident fund:
 - i) remuneration in an amount determined by the Lieutenant Governor in Council; and
 - ii) reasonable and actual traveling and out of pocket expenses necessarily incurred by them in discharging their duties.

II. CALCULATION OF PER DIEM

Where the remuneration determined by the Lieutenant Governor in Council is in whole or in part a per diem rate, then, unless otherwise fixed by the Lieutenant Governor in Council, the amount to be paid in respect of the per diem rate to a Director shall be calculated in accordance with Treasury Board Directive 1/04 as follows:

- A. for meetings which last four (4) hours or less in a twenty-four hour day, a director shall be entitled to one-half of the established meeting/per diem rate;
- B. for meetings that last more than four (4) hours in a twenty-four hour day, a director shall be entitled to the established meeting/per diem rate;
- C. no distinction will be made between participation in person and participation by video, telephone, or such other mode that permits an appointee to hear, and be heard by, all other participants;
- D. only one full per diem/meeting payment shall be made to a director for each twenty-four (24) hour day;

BOARD OF DIRECTORS' REMUNERATION AND EXPENSES

- F.** directors who are requested by the Chair to undertake duties on behalf of the board are entitled to payment at a daily rate equivalent to the meeting/per diem fee:
- for four hours or less work in a twenty-four hour day, appointees will be entitled to one-half of the meeting/per diem fee
 - for more than four hours of work in a twenty-four hour day, appointees will be entitled to a full meeting/per diem fee
 - appointees will not be compensated for time spent attending conferences, speaking engagements or social events, including meals and receptions.
- G.** There will be no remuneration for travel to and from a meeting unless incurred by a Director who resides more than thirty-two kilometres from the meeting location.
- H.** professional duties and membership fees will not be reimbursed.
- I.** directors are not subject to deductions for the Canada Pension Plan or for Employment Insurance.
- J.** remuneration is to be reported annually to the Canada Customs and Revenue Agency on a T4A Supplementary Slip.
- K.** remuneration will only be paid to the person named on the instrument appointing that person to the board.

BOARD OF DIRECTORS' REMUNERATION AND EXPENSES

III. COMPENSATION SCHEDULE

Item	Compensation
Board Chair – Annual Retainer	\$15,000
Board Chair – Per Meeting	\$500 (2005)
Director – Annual Retainer	\$7,500
Director – Per Meeting	\$500

- A. For each fiscal year, the maximum remuneration for the Chair and directors is as follows:

Chair: Annual Retainer plus 60 meetings per year
Director: Annual Retainer plus 30 meetings per year

IV. EXPENSES

- A. A director shall only be paid remuneration or be reimbursed for expenses where the director has submitted a claim for such remuneration or expenses within three (3) months of the meeting of the BOD in respect of which the remuneration is to be paid or the expenses were incurred.
- B. Directors are entitled to “reasonable travel and out of pocket expenses necessarily incurred in discharging their duties” (section 81(8)(b) of the Act).
- C. Directors who use their own vehicles to attend a Board meeting will be reimbursed mileage at the rate in effect for WCB employees. The rate is currently ~~44~~46 cents per kilometer.

BOARD OF DIRECTORS' REMUNERATION AND EXPENSES

V. SUBMITTING CLAIMS FOR PER DIEMS AND EXPENSES

- A. A sample per diem and expenses form appears at this Tab along with guidelines for submitting expense forms. To ensure prompt payment of per diems and reimbursement of expenses, the following points should be noted:
- i) Per diem and expense forms, with receipts, should be submitted directly to Sheila Wong.
 - ii) The form must bear the original signature of the director in the space marked "Director signature" or it will not be accepted by the WCB Accounting Department. (Photocopies or FAXES are not accepted.)
 - iii) Original receipts (not copies) must be submitted.
 - iv) Forms for payment of per diem and reimbursement of expenses should be submitted as soon as possible after each meeting.

VI. FREEDOM OF INFORMATION AND PROTECTION OF PRIVACY ACT

- A. The WCB is a public body to which the Freedom of Information and Protection of Privacy Act applies. Any person may obtain copies of WCB records with respect to the remuneration and expenses for each director by making a request under the Act.

BOARD OF DIRECTORS' REMUNERATION AND EXPENSES

Board of Directors
Workers' Compensation Board
6951 Westminster Highway
Richmond BC V7C 1C6

Please forward all requests directly to Sheila Wong, Office of the Board of Directors.

PAYABLE TO: _____

ADDRESS: _____

DEPARTMENT NO: 14-00

PER DIEM TO BOARD MEMBER (if applicable) **PAYROLL USE ONLY**			
DATE	TYPE OF MEETING	RATE/DAY	TOTAL
TOTAL PER DIEM (paid through Human Resources)			\$

PER DIEM TO BOARD MEMBER'S ORGANIZATION (if applicable) **ACCOUNTING USE ONLY** ACCOUNT #06010			
DATE	TYPE OF MEETING	RATE/DAY	TOTAL
TOTAL PER DIEM			\$

BOARD OF DIRECTORS' REMUNERATION AND EXPENSES

EXPENSES						
ACCOUNTING USE ONLY						
ACCOUNT #07000						
(Please attach receipts)						
DATE	MILEAGE @ .44 .46 /KM	PARKING	TAXI/ TRAVEL	PHONE CHARGES	MISC.	TOTAL
TOTAL EXPENSES (paid through Accounting)						\$

Date Submitted: _____ For the Month of: _____

Director Signature: _____

Approval: _____
 Douglas Enns, Chair, Board of Directors

BOARD OF DIRECTORS' REMUNERATION AND EXPENSES

I. Guidelines

All expense forms should be forwarded to Sheila Wong, Office of the Board of Directors.

Indicate in the **Payable To** field whether the payment should be made to yourself or your organization. If payments are to be made to both, please submit separate forms. The following departments will be responsible for the payments:

<u>Payee</u>	<u>Per Diems</u>	<u>Expenses</u>
Individual Board Member	Payroll	Accounting
Board Member's Organization	Accounting	Accounting

Salary Per Diem Fixed Rate as determined by appointment.

Expenses

Employee Travel & Business Expense Reimbursement Policy Excerpts (Please see Chapter 3.4 of the Corporate Controller's Handbook for the entire policy)

Transportation

- **Mode of Transportation.** The most economical method of travel will be used for WCB travel purposes (e.g. ground vs. air travel).
- **Rental Vehicle.** Rental vehicles are only to be used when the nature of the trip or the locations of the customers being visited is such that the use of local transportation is not practical, is more expensive or is not available. The economy/compact size requirement will be applicable to individual travellers. Mid-size cars will be permitted where two or more travellers are involved.
- **Personal Vehicle in Lieu of Air Travel.** When a personal vehicle is permitted in lieu of air travel, the reimbursement will be the lesser of the amount of mileage or the amount of the lowest logical fare which would have been paid by the WCB to transport the individual.
- **Local Travel by Personal Vehicle.** An allowance will be paid for all work-related distances to cover car operating expenses, regardless of the number of passengers carried. Employees will be reimbursed at the applicable mileage rate for each business kilometer driven (See Per Diems & Allowances).

Lodging/Accommodation. Employees should normally stay in standard single rooms, unless other room types are less expensive or the same rate. Board policy does not provide suite accommodation nor allow travellers to spend up to the maximum.

Meal Per Diems & Allowances. Please note that meal per diems are only allowed when meals are not provided.

- Mileage allowance: ~~\$0.44~~**\$0.46**/km
- Breakfast per diem: ~~\$10.00~~**10.50**
- Lunch per diem: ~~\$12.00~~**12.25**
- Dinner per diem: \$23.00
- Incidentals per diem: \$6.00 (overnight stay required)
- In-country lodgings excluding taxes: maximum \$115.00 (amended May 3, 2000)
- In Richmond, hotels will be booked by the designated travel agency per negotiated rate offered and availability. For other locations within the province, the provincial government listing will be used.
- Out-of-country lodgings including tax: maximum \$150.00 U.S.

BOARD OF DIRECTORS' REMUNERATION AND EXPENSES

Other Receiptable Expenses. For other miscellaneous expenses (e.g. parking and taxi), please attach original receipts.