



INTRODUCTION

The BC Innovation Council (“BCIC”) is a provincial Crown agency publicly launched in October 2004 and operating under the *British Columbia Innovation Council Act* (resulting from an amendment of the Innovation and Science Council Act passed in March, 2006). BCIC was created as a result of a merger between the Innovation and Science Council of BC, a provincial Crown agency and the Advanced Systems Institute of BC, a not-for-profit organization. BCIC is responsible to the Honourable Murray Coell, Minister of Advanced Education and Minister Responsible for Research and Technology (the “Responsible Minister”).

The work of BCIC is guided by a Shareholder’s Letter of Expectations between the Responsible Minister (as representative of the Government) and the Board Chair of BCIC (as representative of BCIC). A copy of the current *draft* Shareholder’s Letter of Expectations is set out at Tab 27. The Shareholder’s Letter of Expectations serves as the basis for agreement between Government and BCIC on corporate mandate, including high level performance expectations, public policy issues and strategic priorities. It also sets out the requirement that BCIC develop and publish annual Service Plans and Service Plan Reports. The Service Plan articulates BCIC’s strategies, objectives and goals with corresponding performance measures and targets. The Service Plan Report details progress towards achieving those goals.

BCIC recently completed a number of senior appointments. In September 2005, Hector MacKay-Dunn, QC, after serving for one year as acting Board Chair was officially appointed to the position. In October 2005, Dr. David Dolphin was selected as Chief Executive Officer (“CEO”) and in March 2006, seven new Board members were appointed.

Following these appointments BCIC has initiated a process to prepare new strategic and business plans under the guidance of its new CEO, Board Chair and Board. References in the Board Manual to strategies and initiatives reflect strategies and initiatives established



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prior to the appointments. The Manual will be updated to reflect new strategic and business plans as they are developed.

BCIC's primary role is to foster province-wide economic development and enhance British Columbia's ability to compete on a global scale by providing a one-stop point of access and support to companies, educational institutions, technology industry awareness groups, federal science and technology agencies and university research labs involved in technology development and commercialization.

BCIC develops many of its initiatives in-house, but out-sources for services where specialized expertise is required. It embraces partnerships as one of its core values. In addition to partnering with a number of provincial and federal government agencies, BCIC uses partnerships to approach issues in the innovation sector by building and maintaining relationships with various groups including industry, academia and government. BCIC also works with a number of volunteers who are vital to the success of the organization.

Pursuant to the *Act*, BCIC is governed by a Board of Directors ("Board") having up to 15 members who are appointed by the Lieutenant Governor in Council ("LGIC") for terms not exceeding 3 years. The LGIC may (and traditionally does) designate a Chair from among the Directors. No Director may serve for more than 6 consecutive years. Currently, there are 9 Directors.

The Board is responsible for overseeing the strategic direction and governance of BCIC. At present, the Audit Committee is the only functioning committee; however, additional committees will be struck following the initial meeting of the Board.

The mandate of BCIC, and its intention to play a significant role in meeting the Premier's goal of having BC become one of the top-ten technology centres in the world, requires that BCIC establish a framework for good governance with an active, engaged Board. BCIC's approach to governance is informed by two significant policy documents established by



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Government. The **Shareholder's Expectations Manual** (Tab 30) outlines Government's governance framework for Crown agencies. The **Governance and Disclosure Guidelines for Governing Boards of British Columbia Public Sector Organizations** (the "*BC Best Practice Guidelines*") (Tab 31) provides governance and disclosure guidelines for public sector organizations.

The governance framework contained in this Board Governance Manual defines the roles and responsibilities and the processes for accountability of the Board, the Board Chair, Directors and Officers and establishes guidelines which outline how the Board will carry out its duties of stewardship and accountability. The governance framework is based on modern board governance practices as reflected in the *BC Best Practice Guidelines* and elsewhere.

The Board Manual is divided into the following sections.

Roles and Responsibilities outlines the general roles and responsibilities of the Board, the expectations of individual Directors and detailed Position Descriptions for the Board Chair. It includes Levels of Spending Authority and outlines BCIC's Code of Business Conduct and Ethics.

Processes details the processes the Board follows to carry out its work.

Director Indemnification and Expenses provides information on director insurance and indemnity provisions and director reimbursement for expenses.

Committees provides terms of reference and operating guidelines for Board committees and task forces.

Reference provides a number of reference documents to assist Directors in carrying out their work.

Contact Information provides contact information for Directors and management.



VISION, MANDATE AND VALUES

The following is taken from BCIC's 2005-2007 Service Plan. This information will be updated once BCIC completes its current strategic and business planning process.

VISION

BCIC's vision is to be the Province's lead organization that supports applied research and commercialization of science and technology to foster province-wide economic development

MANDATE

BCIC operates under four strategic mandate areas:

1. Accelerate commercialization programs for early stage and rapid growth companies to expedite the introduction of world-class technology based products to international markets;
2. Capitalize and expand technology transfer by getting research results with clear economic potential out of university laboratory and research institutions and into the commercialization as quickly and efficiently as possible;
3. Partner in the development and promotion of a province-wide strategy for science, innovation and technology development; and
4. Build public awareness for science and technology to recognize high achievement of the Province's researchers, scientists and technology entrepreneurs and encourage the Province's youth to consider pursuing research and technology-related careers.

VALUES

BCIC is guided by the following values:

1. Entrepreneurship
 - BCIC is entrepreneurial in effectively identifying the needs of its primary market – the research and innovation sector in the Province. BCIC has adopted a market-driven approach to ensure that there is real value in its activities.



VISION, MANDATE AND VALUES

2. Innovation
 - BCIC is innovative and creative in how it addresses opportunities to ensure that resources are effectively leveraged and sustainable activities are developed.
3. Accountability
 - BCIC is accountable in its activities and has processes to ensure efficiency, transparency and fairness.
4. Partnership
 - BCIC values partnerships and collaborations that bring value-added benefits to the Province's research and innovation sector.



BOARD OF DIRECTORS – CHARTER

INTRODUCTION

The Board has ultimate responsibility for stewardship of the affairs of BCIC. This includes ensuring that BCIC achieves the objectives as specified in the *British Columbia Innovation Act* and in the Shareholder's Letter of Expectations. The Board has the responsibility to oversee the conduct of the business, supervise management and endeavour to ensure that all major issues affecting the business and affairs of BCIC are given proper consideration. The Board has the responsibility and the mandate to make decisions in the best interests of BCIC and is accountable for its performance to the Government.

The Board delegates to the CEO responsibility for the day-to-day leadership and management of BCIC.

This document lists the specific areas of Board responsibility. Details of how the Board carries out its responsibilities are set out in the Board Governance Guidelines (Tab 4) and in other sections of this Manual (e.g., Processes and Committees).

STRATEGY

The Board has responsibility to annually review with management, and approve BCIC's:

- a) BCIC's strategic and business plans;
- b) Service Plans and annual Service Plan Reports submitted to the Government;
- c) annual operating and capital budgets;
- d) human resource plans; and
- e) major new project proposals.



BOARD OF DIRECTORS – CHARTER

RISKS AND INTERNAL CONTROLS

The Board has responsibility to:

- a) identify the principal risks of BCIC's business and take all reasonable steps to ensure the implementation of appropriate systems to manage these risks; and
- b) direct management to ensure that systems are in place for implementing and maintaining the integrity of BCIC's internal financial controls and management information systems.

MONITORING AND REPORTING

The Board has responsibility to:

- a) direct management to develop, implement and maintain a reporting system that accurately measures BCIC's performance against the performance expectations set out in its strategic and business plans;
- b) monitor BCIC's progress towards the objectives set out in the strategic and business plans, and to revise and alter its direction through management, in light of changing circumstances; and
- c) report annually to Government and the public on BCIC's progress towards achieving the objectives set out in its Service Plan.

SELECTION OF MANAGEMENT

The Board has responsibility to:

- a) appoint and replace the CEO, as appropriate, and monitor and evaluate the CEO's performance;



BOARD OF DIRECTORS – CHARTER

- b) approve the CEO's compensation;
- c) provide advice and counsel to the CEO in the execution of the CEO's duties;
- d) review the human resources strategies and processes for recruitment, appointment and compensation of management and employees, acting upon the advice of the CEO and the recommendation of the Human Resources and Compensation Committee of the Board; and
- e) ensure plans are made for management succession and development.

BUSINESS ETHICS, POLICIES AND PROCEDURES

The Board has responsibility to:

- a) approve and monitor through management, compliance with all significant policies, bylaws and procedures that govern BCIC's operations;
- b) approve and act as the guardian of BCIC's corporate values; and
- c) direct management to implement systems designed to ensure that BCIC operates at all times within applicable laws and regulations, and to the highest ethical and moral standards.

CORPORATE COMMUNICATIONS

The Board must pay particular attention to the fact that it operates within a public sector environment. The actions of BCIC have a public impact and there is need to ensure communications with Government, stakeholders and the public are effective and appropriate.



BOARD OF DIRECTORS – CHARTER

The Board has the responsibility to:

- a) ensure BCIC has in place a policy to enable management and the Board to communicate effectively with Government, stakeholders and the public;
- b) ensure the financial and operational performance of BCIC is adequately and promptly reported as required by law and the terms of the Shareholder's Letter of Expectations;
- c) ensure financial results are reported fairly and in accordance with generally accepted accounting principles;
- d) ensure timely reporting of any developments that have a significant and material impact on the performance of the BCIC;
- e) keep records in accordance with the Act (section 16); and
- f) report annually on the Board's stewardship for the preceding fiscal year through the annual Service Plan Report.

LEGAL OBLIGATIONS

The Board is responsible for directing management to ensure legal and contractual requirements are met, and documents and records are properly prepared, approved and maintained.

Directors have specific statutory duties and obligations under employment, environmental and financial reporting law, as well as under the withholding provisions of taxation law.



BOARD OF DIRECTORS – CHARTER

BOARD PROCESS AND ORGANIZATION

The Board supervises the management of BCIC by delegating to management certain of its authorities, including spending authorizations, and by reserving certain powers to itself.

The Board retains responsibility for managing its own affairs including responsibility to:

- a) annually identify the skills and experience required on the Board in light of the strategic direction of BCIC and, when vacancies arise, recommend to Government candidates for appointment to the Board;
- b) on the recommendation of the Chair: set the mandate for, determine the composition of and appoint the Chair and members of each Committee of the Board;
- c) implement an appropriate process for assessing the effectiveness of the Board, Committees of the Board, the Board Chair and individual Directors; and
- d) determine the Board's corporate governance practices and procedures.

The board may appoint a Corporate Secretary to assist the Board in carrying out its responsibilities.

The Board's work is carried out in accordance with the Board's Governance Guidelines (Tab 4) and the Board Calendar (Tab 5).



BOARD OF DIRECTORS – GOVERNANCE GUIDELINES

INTRODUCTION

The Charter for the Board of Directors defines the role of the Board of BCIC. The Governance Guidelines outline how the Board will operate to carry out its duties of stewardship and accountability.

MANAGEMENT

The Board of BCIC oversees the conduct of business and supervises management, which is responsible for the day-to-day conduct of BCIC's business.

STATEMENT OF EXPECTATIONS/ POSITION DESCRIPTIONS

The Statement of Expectations for Directors and Position Descriptions for the Board Chair, Chief Executive Officer and Corporate Secretary are reviewed annually by the Governance Committee. Each Committee shall review annually its own Terms of Reference and will forward suggested amendments to the Governance Committee. The Governance Committee will propose any changes to the Board for approval.

STRATEGIC DIRECTION

The CEO is responsible for the development of an overall strategic and business plan with input from the Board. The Board's role is to ensure there is a strategic and business planning process, and then review, question, validate and ultimately endorse the strategic and business plans for BCIC and monitor their implementation.

GOVERNMENT SERVICE PLAN AND REPORTING

Management will prepare, review and seek approval from the Board on BCIC's annual Service Plan and Service Plan Report, both of which BCIC is required to publish pursuant to



BOARD OF DIRECTORS – GOVERNANCE GUIDELINES

the Shareholder’s Letter of Expectations. The Service Plan will reflect the strategic and business goals and objectives set out in BCIC’s strategic and business plans.

PRINCIPAL RISKS

The Board should have a continuing understanding of the principal risks associated with BCIC’s business. It is the responsibility of management to ensure that the Board and its Committees are kept well informed of changing risks. The mechanisms through which the Board reviews risks include the strategic and business planning processes and through the Audit and Finance Committee, which monitors business and other risks. It is important that the Board understands and supports the key risk decisions of BCIC.

INTERNAL CONTROLS AND MANAGEMENT INFORMATION SYSTEMS

Integral to the Board’s overall responsibilities is the existence of control systems, which ensure the effective discharge of these responsibilities. A balance has to be achieved between imposing controls that give the Board reasonable assurance that its responsibilities are being discharged and avoiding the creation of an unnecessarily bureaucratic and costly system of control mechanisms. The confidence of the Board in the ability and integrity of management is the paramount control mechanism.

SUCCESSION PLANNING AND MANAGEMENT DEVELOPMENT

The Board considers succession planning and management development to be ongoing processes, including annual reports to the Board by the CEO. The CEO’s views as to a successor in the event of unexpected incapacity and ongoing management development plans should be discussed at least annually with the Human Resources and Governance Committee.



BOARD OF DIRECTORS – GOVERNANCE GUIDELINES

COMMUNICATIONS POLICY

The Board approves a communications policy for BCIC, which includes processes for the review and approval of major reports to the public, including the annual Service Plan and Service Plan Report prepared in accordance with the Shareholder's Letter of Expectations.

Together, and in consultation with one another, the CEO and Board Chair act as the primary spokespersons for BCIC and oversee interface with Government, stakeholders and members of the public.

It is expected that members of the public and persons interested in BCIC will, from time to time, communicate their concerns and questions to Directors rather than to management. It is important that Directors inform the Board Chair or the CEO of such communications, so that proper action can be taken and accurate responses made by the appropriate representative of BCIC.

Directors may be requested to assist with communications or a Director may be approached directly to speak publicly about BCIC. In all cases, it is important that Directors inform the Chair or the CEO of such requests. The Board Chair is responsible for ensuring Director communications activities are properly coordinated, and Directors are provided with full assistance in preparing and making any public statements or presentations.

THE BOARD CHAIR

The Board Chair provides leadership to the Board. In the absence of the Board Chair, the chair responsibilities will pass to the Directors in the following order: Vice Chair (if so appointed), Chair of the Audit and Finance Committee, Chair of the Governance Committee.



BOARD OF DIRECTORS – GOVERNANCE GUIDELINES

COMMITTEES

The Board has developed a set of Guidelines for Committees which apply to all Committees established by the Board. Each Committee operates according to a Board-approved mandate outlining its duties and responsibilities. The current Committee structure is as follows: *Audit and Finance; Governance; and Human Resources and Compensation*. This structure is subject to change from time to time as the Board considers which of its responsibilities will best be fulfilled through more detailed review in a Committee setting.

TASK GROUPS

Committee Guidelines also apply to Task Groups established by the Board from time to time. Task Groups are committees of the Board, but differ from other committees in that each Task Group is established for a stated period of time to undertake a specific task, and is then disbanded. Each operates according to a Board approved mandate outlining its duties and responsibilities. There are no Task Groups at the present time. The Board Chair is responsible to the Board for annually proposing the leadership and membership of each Task Group. In preparing recommendations, the Board Chair will consult with the CEO and the Board, taking into account the preferences, skills and experience of each Director.

COMMITTEE CHAIRS AND MEMBERS

The Board Chair is responsible to the Board for annually proposing the leadership and membership of each Committee. In preparing recommendations, the Board Chair will consult with the Governance Committee, the CEO and the Board, taking into account the preferences, skills and experience of each Director. The Board supports a periodic rotation in Committee leadership and membership in a way that recognizes and balances the needs for new ideas, continuity and maintenance of functional expertise.



BOARD OF DIRECTORS – GOVERNANCE GUIDELINES

Each Committee's meeting schedule and agenda will be determined by its Chair and members with the assistance of the Corporate Secretary, based on the Committee's work plan and terms of reference. Each Committee reports in a timely manner to the Board on the results of its meetings.

BOARD MEETINGS AND AGENDAS

The Board plans for a minimum of four regular business meetings and one retreat each year. Special meetings are arranged as required.

The Corporate Secretary, in consultation with the Board Chair and CEO, will develop the agenda for each Board meeting. Under normal circumstances, the agenda and supporting materials will be distributed to Directors not less than five business days before a meeting. All Directors are free to suggest additions to the agenda.

Meetings are generally held at BCIC's head office in Vancouver, BC but may be held at other locations.

PROCEDURES AT BOARD MEETINGS

The following describes general procedures regarding the conduct of Board meetings:

- a majority of Directors constitutes a quorum for the purpose of transacting business and granting approvals;
- questions arising at any meeting of the Board shall be decided by a majority of votes. In a case of an equality of votes, the Board Chair of the meeting will have a second or casting vote;



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- a resolution in writing, signed by all the Directors, shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted.

BOARD MINUTES

The Board Chair will be provided with the draft minutes of each meeting of the Board within fourteen calendar days of its occurrence and the members will be provided with the draft minutes of each meeting of the Board within thirty calendar days of its occurrence. The approved minutes serve as the official record of the Board meeting.

BOARD DELIBERATIONS AND CONFIDENTIALITY

The Board recognizes that certain materials for deliberations by the Board must remain in confidence with the Board. Directors will respect the provision that the official record of the Board's deliberations is provided through the approved minutes of the Board meeting. The views or opinions of individual Directors or others in attendance at the meeting will be treated with an appropriate level of respect and confidence.

SPECIAL MEETINGS OF THE BOARD

Special meetings of the Board may be held at any time at the call of the Board Chair. Special meetings may be held “face to face” or by telephone conference call.

Notice of a special meeting will be delivered to each Director:

- by mail or electronic means at least two clear days before the date fixed for the special meeting, or
- communicated orally at least four hours before the time fixed for the special meeting.



BOARD OF DIRECTORS – GOVERNANCE GUIDELINES

If all Directors are present at the meeting, notice may be waived by them.

In the Board Chair's absence, a special meeting may be at the call of:

- the Vice Chair; or
- any two Directors.

The Board Chair shall be bound to call a special meeting of the Board of Directors on the requisition of three Directors and, if the Board Chair fails to do so within twenty-four hours from receipt of such requisition, any three Directors may convene a special meeting of the Board.

CONSENT RESOLUTIONS

A resolution of the directors or of any committee of the directors may be passed without a meeting if each of the directors entitled to vote on the resolution consents to it in writing. A resolution so passed is deemed to be a proceeding at a meeting of directors or of a committee of directors and to be as valid and effective as if it had been passed at a meeting of directors or of a committee of directors.

INFORMATION FOR BOARD MEETINGS

Material distributed to the Directors in advance of Board meetings should be concise, yet complete, and prepared in a way that focuses attention on critical issues to be considered and the decisions sought from the Board. Materials assembled in support of Board meetings will be coordinated by the Corporate Secretary who will distribute it with the Board meeting agenda, five business days prior to the meeting. All materials submitted for consideration by the Board or by a Committee become part of the record of the Board, and will be deposited with the Corporate Secretary for maintenance, safekeeping and access.



BOARD OF DIRECTORS – GOVERNANCE GUIDELINES

Reports may be presented during Board meetings by Directors, management, staff, or by invited outside advisors. Presentations on specific subjects at Board meetings should briefly summarize the material sent to Directors, so as to maximize the time available for discussion on questions regarding the material.

On major items, the CEO will prepare a one page covering memo that outlines the proposal, the three main reasons why the proposal makes sense plus the things that caused the CEO the most concern in arriving at the recommendation.

It is recognized that under some circumstances, due to the confidential nature of matters to be discussed at a meeting, it would not be prudent or appropriate to distribute written material in advance.

Directors are reminded that, unless otherwise indicated, Board materials should be treated as confidential and are not for distribution or discussion outside the Board meeting.

NON-DIRECTORS AT BOARD MEETINGS

The Board appreciates the value of having members of management, employees or others attend Board meetings to provide information and opinions to assist the Directors in their deliberations. The Board, through the Board Chair and through the CEO, will determine attendees at Board meetings.

The Deputy Minister of Advanced Education (BC) and the Assistant Deputy Minister of Western Economic Diversification (Canada) will attend meetings of the Board of Directors as *ex officio* members of the Board.



BOARD OF DIRECTORS – GOVERNANCE GUIDELINES

IN CAMERA MEETINGS

At each meeting of the Board and Committees, Directors will have an opportunity to meet in camera, without management in attendance.

BOARD RELATIONS WITH MANAGEMENT

Board policies and guidelines are issued to management for their adherence. Directors may direct questions or concerns on the performance of management to the Chair, the CEO, or through Board and Committee meetings.

Directors must respect the organizational structure of management. A Director has no authority to direct any staff member.

SIZE OF THE BOARD

The size of the Board is as determined by Government in accordance with the *Act*, up to a maximum of 15 Directors.

CRITERIA FOR BOARD MEMBERSHIP

On behalf of the Board, the Governance Committee annually reviews the Skills and Experience Profile in the context of the strategic direction of BCIC and the skills, experience, background and diversity of the Board in relationship to that strategic direction. Any recommendations for changes in the Skills and Experience Profile resulting from the review will be made to the full Board.

DIRECTOR ORIENTATION AND EDUCATION

New Directors will be provided with an orientation and education program which will include written information regarding the duties and obligations of Directors and the



BOARD OF DIRECTORS – GOVERNANCE GUIDELINES

business and operations of BCIC, documents from recent Board meetings and opportunities for meetings and discussion with management and other Directors. The orientation program for each new Director will be tailored to that Director's needs and areas of interest. The orientation process is described in Tab 13. Ongoing professional development continues during each Director's term of appointment.

ASSESSING THE BOARD'S PERFORMANCE

The Governance Committee and the Board Chair are responsible for ensuring that there is an annual assessment of the overall performance of the Board and its Committees. The objective of this review is to contribute to a process of continuous improvement in the Board's execution of its responsibilities. The review should identify any areas where Directors or management believe that the Board could make a better collective contribution to overseeing the affairs of BCIC.

After the board assessment process has been successfully implemented, the Board will undertake a process to assess the performance of individual Directors.

DIRECTOR EXPENSES

Directors are not compensated for their service. However, Directors are reimbursed for reasonable expenses incurred in the execution of their duties in accordance with BCIC policies. Details regarding Director expense reimbursement is outlined in Tab 19.

TERM OF SERVICE

The term of service for a Director is up to three years as provided in the *Act*. Directors may be re-appointed up to a maximum of six consecutive years.



BOARD OF DIRECTORS – GOVERNANCE GUIDELINES

EVALUATION OF THE CHIEF EXECUTIVE OFFICER

The Human Resources and Compensation Committee will conduct a performance evaluation of the CEO at appropriate intervals as outlined in the CEO's employment contract but not less than once per year, measured against objectives and other relevant criteria established in the previous year by the Board and the CEO. An outline of the CEO's Performance Evaluation Process is located in Tab 17.

The performance evaluation will be communicated to the CEO by the Board Chair together with the Human Resources and Compensation Committee Chair or other board member. The evaluation will also be considered by the Human Resources and Compensation Committee during its consideration of the CEO's annual compensation for the following year.

LEVELS OF SPENDING AUTHORITY FOR SENIOR MANAGEMENT AND THE BOARD

Individual Directors have no authority to make financial commitments for BCIC. The Board's policy on Levels of Expenditure and Signing Authority is located at Tab 11.

CODE OF CONDUCT AND BUSINESS ETHICS

BCIC's Code of Conduct and Business Ethics is set out at Tab 10 and is based on British Columbia's *The Standard of Ethical Conduct for Directors of Public Sector Organizations (BC)*. In addition, Directors are required to review BCIC's Conflict of Interest and Confidentiality Agreement and acknowledge their support and understanding of the Agreement by signing annual Declaration Statements. The Conflict of Interest and Confidentiality Agreement can be found also at Tab 10.



BOARD OF DIRECTORS – GOVERNANCE GUIDELINES

OUTSIDE ADVISORS FOR INDIVIDUAL DIRECTORS

Occasionally, a Director may need the services of an advisor to assist with matters involving that individual's responsibilities as a Director. A Director who wishes to engage an outside advisor at the expense of BCIC must first obtain authorization from the Board Chair.

ADMINISTRATIVE SUPPORT FOR DIRECTORS

The Corporate Secretary will provide all required administrative services for Directors in their capacity as Directors of BCIC.

BOARD OF DIRECTORS' GOVERNANCE REVIEW

The Governance Committee annually reviews the Board Governance framework for BCIC.



BOARD OF DIRECTORS - ANNUAL CALENDAR

	Jan	March	May	July	Sept	Nov
			Strategic Planning			
STRATEGIC PLANS AND REPORTS						
1. Strategic Plan/Business Plan <ul style="list-style-type: none"> ▪ Board Planning Session ▪ Approval 			√		√	
2. Annual Operating Budget and Capital Plan					√	
3. 2006/2009 Service Plan <ul style="list-style-type: none"> ▪ Draft due to CAsE: December 15, 2006 ▪ Final Board Approved due to Government: January 31, 2007 	√					√
4. 2005/06 Service Plan Report <ul style="list-style-type: none"> ▪ Final Board Approved due to CAsE June 15, 2007 			√			
5. Annual Communications Plan			√			
6. CEO Report <ul style="list-style-type: none"> ▪ Issues affecting Strategic Plan 	√	√	√	√	√	√



BOARD OF DIRECTORS - ANNUAL CALENDAR

	Jan	March	May	July	Sept	Nov
			Strategic Planning			

FINANCIAL REPORTS AND ACCOUNTABILITY

1. Audited Financial Statements <ul style="list-style-type: none"> Due: May 26, 2006 			√			
2. Quarterly YTD Actuals <ul style="list-style-type: none"> 2005/06 Q3: Jan21/06 2006/07 Q1: July 21/06 2006/07 Q3: Oct 20/06 	√			√	√	
3. CEO Operations Report <ul style="list-style-type: none"> Performance Benchmarks 	√	√	√	√	√	√
4. Expense Reporting: <ul style="list-style-type: none"> Chair, CEO, CFO Directors 			√ √			

HUMAN RESOURCES

1. CEO Performance Evaluation <ul style="list-style-type: none"> Approve CEO objectives CEO self-appraisal Board appraisal 				√ √	√	
2. CEO Compensation – Approval					√	
3. Management Succession <ul style="list-style-type: none"> Review mgmt. succession plans 		√				



BOARD OF DIRECTORS - ANNUAL CALENDAR

	Jan	March	May	July	Sept	Nov
			Strategic Planning			

GOVERNANCE						
1. Shareholder's Letter of Expectations	✓					
2. Set Board Calendar		✓				
3. Set Meeting Schedule		✓				
4. Committees <ul style="list-style-type: none"> ▪ Members and Chairs ▪ Review TOR 		✓ ✓				
5. Board Evaluation <ul style="list-style-type: none"> ▪ Initiate Process ▪ Report to Board 	✓	✓				
6. Board Composition <ul style="list-style-type: none"> ▪ Review skills, experience 		✓				
7. Director Nomination <ul style="list-style-type: none"> ▪ Recommend to Gov't 	As required					
8. Governance Framework <ul style="list-style-type: none"> ▪ Review and update Manual 			✓			
9. Code of Conduct <ul style="list-style-type: none"> ▪ Annual review ▪ Directors Declaration 			✓ ✓			



DIRECTORS – STATEMENT OF EXPECTATIONS

INTRODUCTION

The Board of BCIC has developed this Statement of Expectations for Directors to set out how the Board expects its members will go about discharging their duties and responsibilities as Directors. This Statement of Expectations will be used in assessing the performance of Directors. The specific duties and responsibilities of the Board as a whole are set out in the Board Charter (Tab 3).

STANDARDS OF CONDUCT

In discharging his or her responsibilities, each Director shall:

- a. act honestly and in good faith with a view to the best interests of BCIC; and
- b. exercise the care, diligence and skill of a reasonably prudent person in comparable circumstances.

In keeping with these standards, Directors must avoid potential or actual conflicts of interest that are incompatible with service as a director. They must also keep confidential any information about BCIC that has not been publicly disclosed. Boardroom discussions are confidential. Directors are required to comply with applicable BCIC corporate policies, including the Conflict of Interest and Confidentiality Agreement.

RELATIONSHIPS WITH MANAGEMENT

Each Director shall be available as a resource to management.



DIRECTORS – STATEMENT OF EXPECTATIONS

PUBLIC STATEMENTS

Each Director has an important role as an ambassador of BCIC, but should not speak on behalf of BCIC without appropriate authority.

INFORMATION REQUIREMENTS

Directors must devote the necessary time and attention to be able to make informed decisions on issues that come before the Board. While management will provide Directors will all of the information management thinks they need in order to discharge their responsibilities, Directors have a responsibility to ask for all information they believe necessary to make an informed decision.

Directors are expected to be generally knowledgeable about BCIC's mandate, goals and objectives, and operations. Directors must also maintain an understanding of the legislative, business and political environments within which BCIC operates.

MEETINGS

Directors shall prepare for and attend (absent extenuating circumstances) all scheduled meetings of the Board and meetings of Committees on which the Directors serve. It may be necessary to hold Board meetings by phone from time to time. However, participation by phone, when meetings are scheduled to be held in person, is strongly discouraged. BCIC is committed to disclose director attendance records.

Management will use its best efforts to provide Directors with the materials necessary to prepare for meetings well in advance of those meetings. Directors are expected to read and absorb the materials prior to the meetings and attend the meetings prepared to discuss the issues.



DIRECTORS – STATEMENT OF EXPECTATIONS

Directors are expected to participate fully and frankly in the deliberations and discussions of the Board and its Committees. They are expected to apply informed and reasoned judgment to each issue that arises and express opinions, ask further questions and make recommendations that they think are necessary or desirable. Each director acts directly, not by proxy. Each director has an equal say with each of the other Directors.

ORIENTATION AND PROFESSIONAL DEVELOPMENT

Directors are expected to take full advantage of BCIC's director orientation program and to commit to ongoing professional development as recommended by the Board.



BOARD CHAIR – POSITION DESCRIPTION

INTRODUCTION

This position description describes the appointment, role and responsibilities of the Board Chair.

APPOINTMENT

The Board Chair is appointed by Government.

ROLES AND RESPONSIBILITIES

Relationship with Government

The Board Chair, in consultation with the CEO, will facilitate an effective working relationship with Government by:

- a) thoroughly understanding the Government's mandate and policy direction for BCIC and how BCIC's business operations fulfill Government's objectives;
- b) communicating the Government's concerns and priorities to the Board of Directors and the CEO and communicating the concerns and priorities of BCIC to the Government;
- c) communicating regularly with the Responsible Minister and other Government representatives to ensure there is a mutual understanding and agreement on:
 - i) what actions by BCIC, if any, should be discussed with and/or approved by the Responsible Minister in advance of implementation;



BOARD CHAIR – POSITION DESCRIPTION

- ii) what types of actions by BCIC, if any, should be communicated to the Responsible Minister as soon as possible after implementation;
- iii) the respective role of Government and BCIC with respect to communications affecting BCIC;
- iv) any other material issues relevant to the governance of BCIC as raised by the Board or the Responsible Minister.

Working with Management

The Board Chair will:

- a) act as a sounding board and counsellor for the CEO, including helping to identify problems, reviewing strategy, maintaining accountability, building relationships and ensuring the CEO is aware of concerns of the Board and the Board is aware of the concerns of management;
- b) play a significant role in monitoring and evaluating the CEO's performance;
- c) together with the CEO, act as the official spokesperson for BCIC;
- d) foster a constructive and harmonious relationship between the Board and management; and
- e) liaise with, and provide direction to, the Corporate Secretary.

Board Leadership

The Board Chair will provide leadership to the Board in discharging its mandate as set out in the Charter, including by:



BOARD CHAIR – POSITION DESCRIPTION

- a) leading, managing and organizing the Board consistent with the approach to corporate governance adopted by the Board from time to time;
- b) promoting cohesiveness among the Directors;
- c) being satisfied that the responsibilities of the Board and its Committees are well understood by Directors;
- d) in consultation with the Human Resources and Compensation Committee, the CEO and the Board:
 - i) recommend to the Board for approval the necessary Committees of the Board, their mandates and the appointment of Committee Chairs and members; and
 - ii) annually evaluate each Committee's appropriateness and recommend such adjustments as are deemed necessary from time to time.

Information Flow

The Board Chair shall ensure the delivery of information to the Directors on a timely basis at all times to keep the Directors fully apprised of all matters which are material to Directors.

The Board Chair shall be satisfied that any information reasonably requested by any Director is provided and meets the needs of that Director.

Meetings of the Board

In connection with meetings of Directors, the Board Chair shall be responsible for the following:



BOARD CHAIR – POSITION DESCRIPTION

- a) scheduling meetings of the Board with the assistance of the Corporate Secretary;
- b) coordinating with the Committee Chairs to schedule meetings of the Committees with the assistance of the Corporate Secretary;
- c) ensuring that all business required to come before the Board is brought before the Board, such that the Board is able to carry out all of its duties to manage or supervise the management of the business and affairs of BCIC;
- d) setting the agenda for meetings of the Board, with input from the CEO;
- e) monitoring the adequacy of materials provided to the Directors by management in connection with the Directors' deliberations; and
- f) encouraging free and open discussion at Board meetings.

Other Responsibilities

The Board Chair shall perform such other functions:

- a) as may be ancillary to the responsibilities described above; and
- b) as may be delegated to the Board Chair by the Board from time to time.



CHIEF EXECUTIVE OFFICER – POSITION DESCRIPTION

INTRODUCTION

This position description describes the appointment, role and responsibilities of the CEO. It should be read in conjunction with the CEO's employment contract.

APPOINTMENT

The Board appoints the CEO on terms and conditions it considers appropriate and subject to any applicable regulations set by Government. The CEO reports to the Board.

DUTIES AND RESPONSIBILITIES

The CEO serves as the chief executive officer of BCIC, having overall responsibility to the Board for leading and managing BCIC through the development and implementation of strategies and policies, the management of its human resources, and efficient and effective operations.

The CEO has specific responsibility to:

- a) lead and manage BCIC within the parameters established by the Board and its Committees;
- b) develop and recommend the strategic and business plans to the Board and successfully implement corresponding operational plans, capital plans and other supporting initiatives;
- c) develop and ensure submission of Government reporting requirements including the Service Plan, Annual Service Plan Report and financial reports;
- d) direct and monitor BCIC's activities in a manner that ensures the assets of BCIC are safeguarded and optimized;



CHIEF EXECUTIVE OFFICER – POSITION DESCRIPTION

- e) develop and implement operational policies to guide BCIC within the limits prescribed by the framework of the strategic directions adopted by the Board;
- f) ensure the integrity of BCIC's internal control and management systems;
- g) identify, and report to the Board, principal risks of the business and ensure the implementation of systems to manage these risks;
- h) seek Board approval for the annual operational and capital budgets, the levels of authority on expenditures against the annual budgets, capital plans and other actions or transactions falling outside the plans approved by the Board;
- i) ensure BCIC achieves and maintains a high standard for its programs and initiatives;
- j) develop and recommend to the Board the overall organizational structure;
- k) provide the Directors, at Board and Committee meetings, with exposure to BCIC's key management and, prior to appointing individuals to senior management positions, review their appointment with the Human Resources and Compensation Committee;
- l) annually establish and maintain a Board approved plan for management development and succession;
- m) together with the Chair, act as the primary spokesperson for BCIC and oversee BCIC's interfaces with the public and stakeholders including developing and implementing a communications program;
- n) review material issues and ensure that the Board Chair and other Directors are provided with relevant and timely information;



CHIEF EXECUTIVE OFFICER – POSITION DESCRIPTION

- o) maintain a positive working relationship with the Responsible Minister, the Deputy Minister and other Government representatives; and
- p) prior to accepting outside Board appointments, seek Board approval.



CORPORATE SECRETARY – POSITION DESCRIPTION

INTRODUCTION

The Corporate Secretary is accountable to the Board of Directors and reports to the Board Chair.

The Corporate Secretary is also a member of Management and in this capacity reports operationally to the CEO.

The Corporate Secretary supports the Board by providing resources, information and communication links among the Board, management and Government, with particular emphasis on facilitating the flow of information.

DUTIES AND RESPONSIBILITIES

The Corporate Secretary will:

- a) ensure the smooth running of the Board's and Board Committees' activities by helping the Board Chair to set agendas, preparing and presenting information to the Board and Board Committees, advising on Board procedures and ensuring the Board follows them;
- b) under direction from the Board Chair, schedule all Board and Committee meetings;
- c) attend all Board and Committee meetings where possible, and act as Corporate Secretary at such meetings or appoint a delegate when this is not possible;
- d) provide legal advice to, or obtain it for, the Board and advise the Board on all matters of procedure;



CORPORATE SECRETARY – POSITION DESCRIPTION

- e) advise the Board Chair in respect of any matters where conflict, potential or real, may occur between the Board and the CEO;
- f) serve the Governance Committee as a source of expertise and advice on new developments in corporate governance and best practices that are being employed in other organizations;
- g) keep under close review all legislative, regulatory and corporate governance developments that might affect BCIC's operations, and ensure the Board is fully briefed on these and has regard to them when taking decisions;
- h) ensure, where applicable, that the standards and disclosures required by the *BC Best Practice Guidelines* are observed and, where required, reflected in the Board's annual Service Plan Report;
- i) under direction from the Governance Committee, provide orientation for new Directors and ongoing professional development for all Directors and support them in understanding their roles and responsibilities;
- j) act as a primary point of contact and source of advice and guidance for Directors as regards BCIC and its activities in order to support the decision making process; and
- k) ensure proper and timely documentary filings and fulfillment of disclosure requirements to statutory authorities under applicable legislation and Government policy.



CORPORATE SECRETARY – POSITION DESCRIPTION

CONFLICT OF INTEREST

If there is a conflict of interest, actual or potential, on any particular matter, between the Corporate Secretary's administrative or managerial responsibilities within BCIC and the Corporate Secretary's responsibilities as secretary to the Board, it is the responsibility of the Corporate Secretary to draw it to the attention of the Board through the Board Chair.



CODE OF CONDUCT AND ETHICS

INTRODUCTION

The fundamental relationship between each Director and BCIC must be one of trust; essential to trust is a commitment to honesty and integrity. Ethical conduct within this relationship imposes certain obligations.

COMPLIANCE WITH THE LAW

BCIC Directors must act at all times in full compliance with both the letter and the spirit of all applicable laws.

In his or her relationship with BCIC, no Director shall commit or condone an unethical or illegal act or instruct another Director, employee, or supplier to do so.

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.

Falsifying the record of transactions is illegal.

BCIC 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.

CONFLICTS OF INTEREST

In general, a conflict of interest exists for Directors who use their positions at BCIC to benefit themselves, friends or family members.



CODE OF CONDUCT AND ETHICS

A Director must not use his or her position with BCIC 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.

A Director must not directly or indirectly benefit from a transaction with BCIC over which a Director can influence decisions made by BCIC.

A Director must not take personal advantage of an opportunity available to BCIC unless BCIC has clearly and irrevocably decided against pursuing the opportunity, and the opportunity is also available to Directors or the public.

A Director must not use his or her position with BCIC 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.

Every Director must avoid any situation in which there is, or may appear to be, potential conflict² that could appear³ to interfere with the Director's judgment in making decisions in BCIC's best interest.

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 competitors and using privileged information inappropriately. The following are examples of the types of conduct and situations that can lead to a conflict of interest:

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

² *conflict of interest* means a conflict of interest or apparent conflict of interest

³ *apparent conflict of interest* means any situation where it would appear to a reasonable person that the Director is in a conflict of interest situation.



CODE OF CONDUCT AND ETHICS

SAMPLES OF POSSIBLE EXAMPLES

- a) Influencing BCIC to direct funds to an institution where the Director works or is involved with.
- b) Participating in a decision by BCIC to hire or promote a relative of the Director.
- c) Influencing or participating in a decision of BCIC that will directly result in the Director's own financial gain.

BCIC requires full disclosure of all circumstances that could conceivably be construed as conflict of interest.

DISCLOSURE

Full disclosure enables Directors to resolve unclear situations and gives an opportunity to dispose of conflicting interests before any difficulty can arise.

A Director must, immediately upon becoming aware of a potential conflict of interest situation, disclose the conflict in writing to the Board Chair. This requirement exists even if the Director does not become aware of the conflict until after a transaction is complete.

If a Director is in doubt whether a situation involves a conflict, the Director must immediately seek the advice of the Board Chair. It may also be appropriate to seek advice from the Corporate Secretary or legal advice.

Unless a Director is otherwise directed, a Director must immediately take steps to resolve the conflict or remove the suspicion that it exists.

If a Director is concerned that another Director is in a conflict of interest situation, the Director must immediately bring his or her concern to the other Director's attention and



CODE OF CONDUCT AND ETHICS

request that the conflict be declared. If the other Director refuses to declare the conflict, the Director must immediately bring his or her concern to the attention of the Board Chair. If there is a concern with the Board Chair, the issue should be referred to the Corporate Secretary.

If the Corporate Secretary, when preparing the Agenda for Board meetings, or otherwise, becomes aware of a potential conflict of interest situation, the Corporate Secretary must immediately bring this to the attention of the Board Chair and take such steps as are necessary (including withholding relevant documents within the board meeting package materials) to ensure that the conflict of interest situation is appropriately managed.

A Director is required to disclose the nature and extent of any conflict at the first meeting of the Board after which the facts leading to the conflict have come to that Director's attention. After disclosing the conflict, the Director:

- a) must not take part in the discussion of the matter or vote on any questions in respect of the matter: however, the Director may be counted in the quorum present at the Board meeting; and
- b) must not attempt, in any way or at any time, to influence the discussion or the voting of the Board on any question relating to the matter giving rise to the conflict.

OUTSIDE BUSINESS INTERESTS

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 BCIC.



CODE OF CONDUCT AND ETHICS

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 BCIC, where by virtue of his or her position in BCIC, the Director could in any way benefit the other organization by influencing the purchasing, selling or other decisions of BCIC, unless that interest has been fully disclosed in writing to BCIC.

A “significant financial interest” in this context is any interest substantial enough that decisions of BCIC could result in a personal gain for the Director.

These restrictions apply equally to interests in companies that may compete with BCIC in all of its areas of activity.

CONFIDENTIAL INFORMATION

Confidential information includes proprietary technical, business, financial, legal, or Director information that BCIC treats as confidential.

Directors may not disclose such information to any outside person unless authorized.

Similarly, Directors may never disclose or use confidential information gained by virtue of their association with BCIC for personal gain, or to benefit friends, relatives or associates.

Directors are advised to seek guidance from the Board Chair or the CEO or the Corporate Secretary with respect to what is considered confidential.

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 BCIC which could reasonably affect the value of such securities.



CODE OF CONDUCT AND ETHICS

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 BCIC 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 BCIC Board.

ENTERTAINMENT, GIFTS AND FAVOURS

It is essential to efficient business practices that all those who associate with BCIC as suppliers, contractors or Directors have access to BCIC on equal terms.

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 BCIC. Any firm offering such inducement shall be asked to cease; a sustained business relationship will be conditional on compliance with this Code.

Similarly, Directors may not offer or solicit gifts or favours in order to secure preferential treatment for themselves or BCIC.

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.

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.



CODE OF CONDUCT AND ETHICS

- a) Tangible gifts valued over \$50 must be refused.
- b) All prizes valued over \$50 won while on corporate business, must be brought to the attention of the CEO or designate who will determine the appropriate disbursement.
- c) Inappropriate gifts received by a Director should be returned to the donor and may be accompanied by a copy of this Code.
- d) Full and immediate disclosure to the Board Chair of borderline cases will always be taken as good-faith compliance with this Code.

USE OF BCIC'S PROPERTY

A Director requires BCIC's approval to use property owned by BCIC for personal purposes, or to purchase property from BCIC unless the purchase is made through the usual channels also available to the public.

Even then, a Director must not purchase property owned by BCIC if that Director is involved in an official capacity in some aspect of the sale or purchase.

Directors may be entrusted with the care, management and cost-effective use of BCIC 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.

Directors should ensure all BCIC property that may be assigned to them is maintained in good condition and should be able to account for such property.



CODE OF CONDUCT AND ETHICS

Directors may not dispose of BCIC property except in accordance with the guidelines established by BCIC.

RESPONSIBILITY

BCIC is determined to behave, and to be perceived, as an ethical organization.

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.

Integrity, honesty, and trust are essential elements of BCIC's success. Any Director who knows or suspects a breach of this Code of Conduct and Ethics has a responsibility to report it to the Board Chair or the Corporate Secretary.

To demonstrate determination and commitment, BCIC requires each Director to review this Code annually and sign a declaration annually acknowledging review of and agreement to comply with the Code. The willingness and ability to sign the declaration is a requirement of all Directors.

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 Province.

WHERE TO SEEK CLARIFICATION

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



CODE OF CONDUCT AND ETHICS

COMMUNICATION THE CODE OF CONDUCT AND ETHICS

BCIC's Code of Conduct and Ethics shall be posted on BCIC's web site for access by any member of the public.

The Corporate Secretary shall assist Directors and employees in understanding the Code of Conduct and monitor their ongoing compliance.

FORM OF ANNUAL DECLARATION

I ACKNOWLEDGE that I have read and considered the Code of Conduct and Ethics for Directors of BCIC and agree to conduct myself in accordance with the Code of Conduct and Ethics for Directors.

Signature

Print Name

Date



LEVELS OF EXPENDITURE AND SIGNING AUTHORITY

INTRODUCTION

The purpose of this policy is to establish levels of spending authority delegated by the Board to the positions of CEO and COO.

SUB-DELEGATION

The CEO and COO may delegate their spending authority to others within BCIC that require such authority provided that the CEO and COO remain ultimately responsible for any approval authority so delegated.

BCIC will maintain a list of management and employees who have delegated spending authority.

LEVELS OF EXPENDITURES

Amounts used to determine approval limits must include all costs. Transactions must not be divided to fall within the limits of delegated spending authority.

BOARD APPROVAL

Notwithstanding the spending authority delegated to the CEO and COO, the Board must approve the following in advance of a commitment being made:

- a) an expenditure within the Board approved budget that exceeds \$200,000;
- b) an expenditure within the Board approved budget that will occur over a period greater than three years in duration;
- c) an expenditure not included in the Board approved budget (one-time or cumulative) in excess of the lesser of:
 - i) 5% of the operating budget; or
 - ii) \$50,000.



LEVELS OF EXPENDITURE AND SIGNING AUTHORITY

- d) any expenditure outside the ordinary course of BCIC's business;
- e) a contribution to an organization outside of a normal granting program in excess of \$50,000; and
- f) any matter determined by the CEO to involve significant risk to BCIC.

All other matters are to be authorized by the CEO or his/her delegate and the Board informed as appropriate.



STRATEGIC AND BUSINESS PLANNING

INTRODUCTION

The Board has the responsibility to review with management and approve the Strategic Plan for BCIC and to oversee its implementation.

The Strategic Plan is an evolving plan, internal to BCIC, that requires varying degrees of modifications depending upon the level and extent of change affecting BCIC.

The Business Plan, also internal to BCIC, articulates how BCIC intends to meet the strategic objectives and initiatives of the Strategic Plan.

The priorities as set out in the Strategic and Business Plans are reflected in BCIC's annual operating and capital budgets. The budgets, together with the Strategic and Business Plans, form the key elements of BCIC's Strategic Planning framework. All of the planning documents are subject to annual review and approval by the Board.

BCIC is required by the Shareholder's Letter of Expectations to prepare a three year Service Plan and to make it publicly available prior to the start of each new fiscal year (April 1st). The Service Plan is an external document that is based on the Strategic and Business Plans.

THE STRATEGIC PLANNING FRAMEWORK

Strategic Plan

The Strategic Plan sets the long-term vision for BCIC and is the cornerstone of BCIC's planning framework. The Strategic Plan includes several key components: clear vision and mission statements for BCIC; core values to highlight how BCIC will conduct its business; strategic objectives and initiatives which must be achieved to realize the vision; and



STRATEGIC AND BUSINESS PLANNING

performance targets to measure progress on objectives and guide long term planning. The Strategic Plan will normally encompass the following:

VISION	<i>Provides a clear picture of the future state of BCIC and its priorities</i>
MISSION	<i>Articulates the purpose of BCIC and establishes its unique identity</i>
CORE VALUES	<i>Articulates the key corporate principles</i>
STRATEGIC OBJECTIVES	<i>Articulates the long term aims which must be achieved to realize the vision</i>
STRATEGIC INITIATIVES	<i>Articulates the actions which must be completed to meet the strategic objectives</i>
PERFORMANCE TARGETS	<i>Articulates how achievement of the Strategic Plan will be measured</i>

The planning period for the Strategic Plan is long term. However, the Strategic Plan is a dynamic document which will be approved annually by the Board and up-dated every few years, or as required, to address new opportunities and challenges for BCIC.

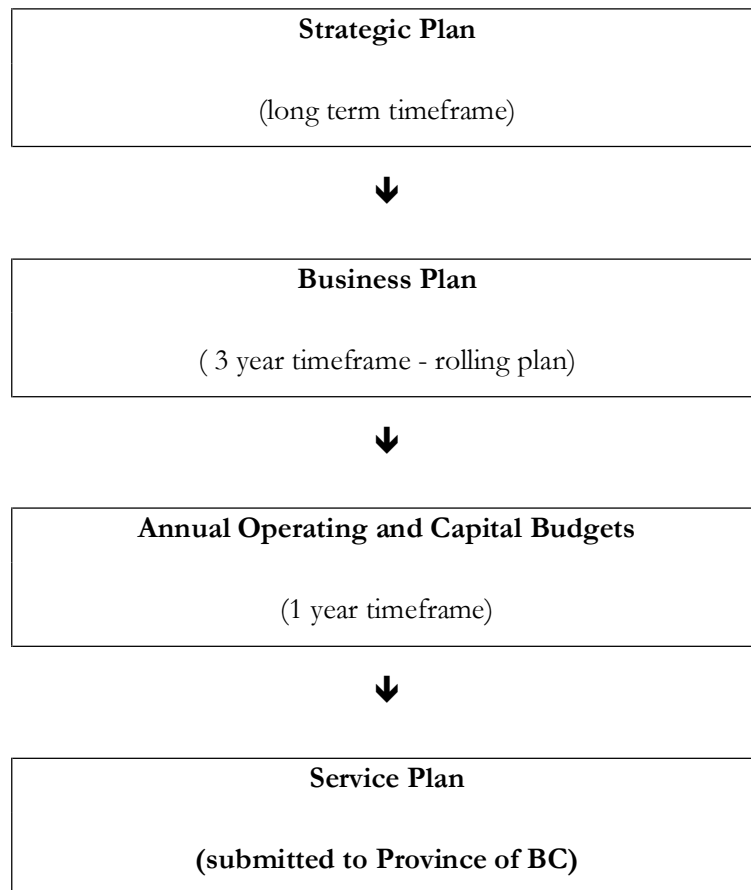
Implementing the Strategic Plan

To fully realize the Strategic Plan, the concerted and coordinated effort of all facets of BCIC is required. Additional inter-related plans to support the Strategic Plan must be developed. These plans are approved annually by the Board.



STRATEGIC AND BUSINESS PLANNING

BCIC's Planning Framework includes the following:





STRATEGIC AND BUSINESS PLANNING

Business Plan

A three year Business Plan will draw upon the strategic objectives and initiatives of the Strategic Plan. It covers the goals, objectives and tactical plans that will be applied to meet the strategic direction of BCIC.

The Business Plan involves the identification and allocation of resources, a setting of priorities and any contingency plans deemed necessary. It shows how business targets and the tactical and financial plans contribute to the achievement of BCIC's strategic objectives. It serves as the main instrument to track progress on the performance targets as set out in the Strategic Plan. The Business Plan is a rolling three year plan, which is approved annually by the Board.

Annual Operating and Capital Budgets

The funding to implement the strategic initiatives on an annual basis will be reflected in the annual operating and capital budgets and forecasts of BCIC.

Business Performance Reporting

Management will report to the Board on an ongoing basis on the performance of BCIC, whether it is achieving its established targets and any actions planned for areas that are not meeting business targets. The framework for this reporting may include a balanced scorecard approach.



STRATEGIC AND BUSINESS PLANNING

Service Plan

In accordance with the requirements in the Shareholder's Letter of Expectations, BCIC will prepare a three year, rolling, Service Plan. The Service Plan is based on the Business Plan. It must be released prior to the commencement of each fiscal year and must be made available on BCIC's website.

Service Plan Report

BCIC reports its performance to the Government and the public by way of a published Service Plan Report pursuant to the Crown Agencies Secretariat guidelines. As well, BCIC will submit quarterly financial statements to the Office of the Comptroller General in accordance with the *Financial Administration Act*.

ROLES AND RESPONSIBILITIES

Management, led by the CEO, is responsible for the development of the Strategic and Business Plans, the annual operating and capital budgets, the Service Plan and the Service Plan Report.

The Board's role is to ensure there is an appropriate planning process in place and to review, question, offer advice, validate and ultimately endorse the plans for BCIC and monitor their implementation.

In developing the Strategic and Business Plans, management consults with stakeholders on the strategic direction of BCIC.

Management engages the Board in planning and briefing sessions at critical stages of the planning process. These sessions are scheduled to accommodate the Board's annual calendar



STRATEGIC AND BUSINESS PLANNING

and include an annual Strategic Planning retreat attended by both the Board and management. The Board Chair participates with management in the planning of the retreat. The Chair may also involve and/or seek input from other Directors.

The principal focus of the Strategic Planning retreat is to review and confirm the strategic direction of BCIC. Board members and management together review the past performance of BCIC and engage in discussion on a wide range of issues concerning BCIC's operational environment, issues and opportunities. Conclusions from the retreat are recorded, providing a starting point for the preparation by management of BCIC's initial Strategic and Business Plan documents, as well as the annual review and refinement of those plans.

At various stages of development of the Strategic and Business Plans, the Board will be briefed on the status of the planning process and will review draft elements of the plans. The Strategic, and Business Plans, the annual operating and capital budgets, the Service Plan and the Service Plan Report will be approved by the Board. The Service Plan will be made publicly available, prior to the commencement of each new fiscal year in accordance with Government timelines and requirements.

The CEO has the responsibility to ensure that all employees are aware of the Strategic and Business Plans and understand how the functions they perform fit within the strategic direction of BCIC.

TIMELINE

The Strategic and Business Plans, as well as the operating and capital budgets of BCIC, are subject to annual review by the Board.

The annual schedule is as follows:



STRATEGIC AND BUSINESS PLANNING

Strategic Planning Retreat	May
Strategic Plan Approved	September
Business Plan Approved	September
Annual Operating & Capital Budgets Approved	September
Service Plan Approved	January
Service Plan Released Publicly	February
Service Plan Report Approved	May
Service Plan Report Released Publicly	June



DIRECTOR ORIENTATION AND PROFESSIONAL DEVELOPMENT

INTRODUCTION

The Chair, with the assistance of management, ensures that there is an orientation program for new Directors and an ongoing development program for existing Directors.

GOALS

The goals of the orientation program are to:

- a) ensure that each new Director fully understands the formal governance structure, the role of the Board, its supporting Committees, and the expectations in respect to individual performance as set out in the Statement of Expectations for Directors;
- b) help each new Director build an understanding of BCIC, its operations and working environment including:
 - i) its programs and initiatives;
 - ii) summary details of its principal assets, liabilities, significant commitments and major stakeholders;
 - iii) its structure;
 - iv) its major risks and risk management strategy;
 - v) key performance indicators;
 - vi) any operational constraints imposed by Government or otherwise;
 - vii) conflict of interest and confidentiality policies;



DIRECTOR ORIENTATION AND PROFESSIONAL DEVELOPMENT

- viii) requirements for reporting and public disclosure (e.g., *Budget Transparency and Accountability Act*, *Financial Information Act*, etc.)
- c) build a link with the individuals who make up BCIC, including:
 - i) opportunities to meet and get to know fellow directors;
 - ii) meetings with senior management;
 - iii) visits to BCIC's office to learn about programs and to meet employees; and
 - iv) meet BCIC's volunteers who participate as external reviewers or as BCIC committee members.
- d) build an understanding of BCIC's main relationships, including those with:
 - i) the Responsible Minister;
 - ii) the Deputy Minister;
 - iii) partner organizations who deal with BCIC; and
 - iv) people and organizations served by BCIC.

WRITTEN MATERIAL

The orientation will include a comprehensive set of written briefing materials including:

- a. the Board's governance guidelines;
- b. the Act;



DIRECTOR ORIENTATION AND PROFESSIONAL DEVELOPMENT

- c. the Shareholder's Letter of Expectations;
- d. the most recent annual and quarterly financial and accountability reports;
- e. a summary of the Director's liability insurance and indemnity;
- f. details of any major litigation or disputes involving BCIC;
- g. summary of key present and future programs and initiatives;
- h. minutes from the previous 3-6 Board meetings;
- i. a schedule of dates for upcoming Board meetings;
- j. biographical information and contact information for all Directors and key management executives;
- k. copies of minutes from the last 3-6 Committee meetings for any Committee that the Director will be joining.

PROCESS FOR NEW DIRECTORS

Each new Director will be asked to participate in an initial orientation session.

The Chair, through the Corporate Secretary, will arrange for the orientation session for new Directors.

An initial orientation session for new Directors will be scheduled before their appointment takes effect and, therefore, before a Director's first Board meeting.



DIRECTOR ORIENTATION AND PROFESSIONAL DEVELOPMENT

PROCESS FOR EXISTING DIRECTORS

Directors will be provided with special ongoing professional development that educates and informs them on issues that are deemed to be of strategic importance to BCIC. These sessions may be scheduled separately from regular Board and Committee meetings.

The CEO will provide Directors with materials or presentations at Board meetings on matters of policy and key strategic issues where BCIC may expect change or anticipate potential concerns or risks.

Special meetings or retreats may also be scheduled to gain understanding of a particular issue or strategic direction of BCIC.



BOARD COMPOSITION AND SUCCESSION

INTRODUCTION

The real value of the Board comes from the knowledge, skills and experience of its members, their ability to monitor and add value to BCIC, their ability to work effectively as a group, their commitment to BCIC, and their relationship with the CEO.

The responsible discharge of the Board's mandate requires that it develop, in conjunction with the Government, a plan and process for the orderly long-term renewal of its membership.

The Provincial Government is responsible for appointing directors to the Board. The Board has the responsibility to annually review the skills and experience represented on the Board in light of BCIC's strategic direction, and recommend the criteria, and potential candidates who meet the criteria, to Government for consideration when it is making appointments.

In fulfilling this obligation, the Board will be assisted by the Governance Committee, which is charged with ensuring the development, implementation and maintenance of an effective and efficient approach to corporate governance, and the Chair, who provides the main liaison with the Responsible Minister.

The Governance Committee is responsible for annually reviewing the answers to the following questions and making recommendations to the Board for approval:

- a. Does the current mix of skills and experience meet the needs of BCIC? Are there any gaps or duplication of experiences that should be addressed?
- b. Is the Board effectively undertaking its responsibilities? Are directors making a contribution consistent with the Statement of Expectations for Directors? Are there any performance issues that should be addressed?



BOARD COMPOSITION AND SUCCESSION

The Chair and the Governance Committee will have a close working relationship with the Board Resourcing and Development Office (“the BRDO”) which is responsible for overseeing the appointment process and making recommendations to the Responsible Minister.

TERMS

Pursuant to the Act, Directors are appointed for terms of up to three years and may not serve more than 6 consecutive years.

BOARD AND DIRECTOR PERFORMANCE

An important element in the consideration of board succession is the Board’s annual assessment of its own performance and the performance of individual Directors. The results of Board and individual Director evaluations will serve to assist the Board in planning for Board succession.

The Governance Committee is responsible for ensuring that these evaluations take place and that the results are incorporated into a Board succession plan

CANDIDATE SELECTION PROCESS

Appointments to the Board are carried out within the Appointments to Crown Corporations Guidelines (the “Appointment Guidelines”) found at:

<http://www.fin.gov.bc.ca/abc/infopages/CrownCorporationAppointmentGuidelines.pdf>.

The Governance Committee will work closely with the BRDO to identify potential qualified candidates. The BRDO will maintain a liaison between Government and the Governance Committee with respect to all aspects of the recruitment and selection process.



BOARD COMPOSITION AND SUCCESSION

Where possible, the following process will guide the recruitment and appointment of Directors.

Notice of Vacancy

The Board Chair will inform the BDRO as early as possible (preferably at least six months in advance) of pending Board vacancies together with the special qualifications or functional skills required. BCIC will prepare a Request for Appointment outlining the required information and provide it to the Responsible Minister and BRDO.

Identification of Candidates

Current Board members will be encouraged to identify potential candidates known to them through business, community or personal contacts.

BRDO may also identify potential candidates who have the desired qualifications.

Evaluation Process

All candidates identified will be considered and evaluated by the Governance Committee against the desired Director profile and current Board composition needs.

The Governance Committee may interview candidates determined to have the desired qualifications.

The BDRO will be consulted regarding the timing of scheduled interviews and may choose to participate, with the ultimate goal being to bring to the Board recommendations that will ultimately gain Government endorsement.



BOARD COMPOSITION AND SUCCESSION

Recommendations

The Governance Committee will discuss the recommended candidates with the full Board and the Board will endorse a number of candidates for recommendation to Government.

After consultation with the Board, BRDO will provide a list of recommended candidates to the Minister of Advanced Education for recommendation to Cabinet for appointment. The Board Chair should also discuss recommended candidates directly with the Responsible Minister.

DUE DILIGENCE

All recommended candidates will be required to complete the due diligence process outlined in the Appointment Guidelines.

RECRUITMENT PROFILE

Introduction

The recruitment profile for Board members is a combination of many factors: personal attributes and traits, community standing and expertise; and how these factors fit together, and the diversity of viewpoints that are being brought to the table.

Pre-eminent among these characteristics are two:

- a. Directors who have the skills and experience to effectively monitor the performance of BCIC and the CEO.
- b. Directors who have the skills and experience that add value and provide support for management in establishing strategy and reviewing risks and opportunities.

Outlined below are the recommended personal characteristics and specific backgrounds and areas of expertise that are viewed as being required by the BCIC Board.



BOARD COMPOSITION AND SUCCESSION

Recommended Personal Characteristics

Director candidates should ideally possess the following personal characteristics:

- Integrity and accountability
- Demonstrated high ethical standards and integrity in their personal and professional dealings, and who are willing to act on – and remain accountable for – their boardroom decisions;
- Informed Judgment;
- Able to provide wise, thoughtful counsel on a broad range of issues;
- Financial literacy;
- Familiar with processes for evaluating BCIC's performance;
- Mature confidence;
- Value Board and team performance over individual performance, and who possess respect for others, facilitate superior Board performance;
- High performance standards;
- A history of achievements that reflect high standards for themselves and others; and
- No real or perceived conflicts.



BOARD COMPOSITION AND SUCCESSION

Specific Skills and Experience

To fulfill the Board's complex roles, the Board is strongest and most effective when all of the following core competencies are represented on the Board, with each director contributing knowledge, experience, and skills in at least one or two domains:

- Previous Board experience;
- Demonstrated success in guiding commercialization of early stage and rapid growth companies;
- Understanding of university laboratory and research institution environment;
- Significant personal achievement in the science and technology related endeavours;
- Corporate commercial and/or securities law;
- Finance/accounting/venture capital;
- Business operations;
- Human resources;
- Communications/marketing;
- Understanding of private and public sector environments in which products are commercialized and how to operate within these environments;
- Credibility with private and public sectors, at local and international levels;
- Understanding of relevant industry sectors that apply and/or develop technology and innovation;



BOARD COMPOSITION AND SUCCESSION

- Experience with program development and delivery in the public sector;
- Connections with Federal and Provincial Governments, industry and academia relevant to BCIC.

In addition, these skills and experience should be reflected in an appropriate balance of:

- Gender
- Ethnicity
- Region/Geography



BOARD AND DIRECTOR EVALUATION

INTRODUCTION

The Board is committed to board and director evaluation designed to provide Directors with an opportunity each year to examine how the Board, its Committees and individual Directors are performing and identify opportunities for improvement.

PROCESS

Each year, the Governance Committee will recommend to the Board the specific evaluation process to be undertaken. The evaluation process will be appropriate to the stage of development of the Board and the Board's evaluation processes. It is anticipated that the Board will engage first in a form of Board evaluation and once a Board evaluation process has been conducted, introduce individual Director evaluation.

The Governance Committee may engage an outside advisor to assist in the design and implementation of the board and director evaluation process.

GOAL – BOARD EVALUATION

The objective of the board evaluation process is to assist the Board to:

- assess the overall performance of the Board and measure the contributions made by the Board;
- evaluate the mechanisms in place for the Board to operate effectively and make decisions in the best interests of BCIC;
- add value to BCIC; and
- enhance and maintain best corporate governance practices.



BOARD AND DIRECTOR EVALUATION

GOAL – DIRECTOR EVALUATION

The objective of individual director evaluation is to improve the overall performance of the Board by assisting individual Directors to build on their strengths and assess their need for continuing professional development in connection with their role on the BCIC Board.



CEO SELECTION AND APPOINTMENT

INTRODUCTION

The Act provides that the Chief Executive Officer (CEO) is to be appointed by the Board.

The Board sets the compensation of the CEO subject to Government regulations and policy.

The Board will determine the process for recruiting and appointing the CEO.



CEO PERFORMANCE EVALUATION

INTRODUCTION

The evaluation of the CEO is one of the most important responsibilities of the Board. The evaluation process provides a formal opportunity for the Board and CEO to have a constructive discussion regarding the performance of BCIC and the CEO's leadership of BCIC.

The Human Resources and Compensation Committee provides a leadership role in carrying out the evaluation process although the Board is involved in approving CEO objectives and reviewing the final evaluation.

The main objectives of the CEO evaluation process are:

- ✓ appropriate assessment and reward of the CEO's performance;
- ✓ linkage of the CEO's performance to BCIC's goals;
- ✓ CEO growth and professional development;
- ✓ strengthening Board/CEO relations.

BENCHMARKS

The following documents constitute the benchmarks against which the review takes place:

- a) a written statement of the CEO's personal goals for the year under review; these goals are agreed to by the CEO and the Board in November of each year for the following fiscal year;
- b) BCIC's performance measured against the:



CEO PERFORMANCE EVALUATION

- i) Strategic plan and Business Plan; and
- ii) Annual operating and capital plans.
- c) CEO Position Description which is found at Tab 8; and
- d) The CEO's employment agreement.

THE PROCESS

The Human Resources and Compensation Committee is charged with leading and implementing the CEO evaluation.

In November of each year, the Human Resources and Compensation Committee shall review, and the Board shall approve, the CEO's objectives for the following fiscal year.

The following September, the CEO will provide a self-appraisal rating his/her performance against the previously agreed upon objectives for the year and the Strategic and Business plans.

The CEO's self-appraisal shall be in written form and shall be presented to the Board.

Once the Board has received and discussed the self evaluation:

- a. each Board member shall contribute his/her assessment of the CEO's performance to the Human Resources and Compensation Committee; and
- b. the individual assessments will be consolidated by the Human Resources and Compensation Committee Chair and discussed with the Board.

Following discussion by the Board, the Human Resources and Compensation Committee Chair will provide the CEO with a written summary of the Board's evaluation.



CEO PERFORMANCE EVALUATION

TIMING AND RESPONSIBILITIES

<i>Activity</i>	<i>Who</i>	<i>When</i>
(a) The CEO develops a set of goals and objectives that are reviewed by the Human Resources and Compensation Committee and approved by the Board.	- CEO - Human Resources and Compensation Committee - Board	November
(b) The CEO writes self-appraisal and submits to the Human Resources and Compensation Committee.	- CEO	August



CEO PERFORMANCE EVALUATION

<p>(c) The CEO discusses self-appraisal with the Board and the Board members submit their assessments of the CEO to the Human Resources and Compensation Committee.</p>	<ul style="list-style-type: none">- CEO- Human Resources and Compensation Committee	<p>September</p>
<p>(d) Input from the Board members is summarized by the Human Resources and Compensation Committee Chair and reviewed with the full Board.</p>	<ul style="list-style-type: none">- Human Resources and Compensation Committee- Board	<p>September</p>



CEO PERFORMANCE EVALUATION

<p>(e) The Human Resources and Compensation Committee Chair provides the CEO with a written summary of the evaluation.</p>	<ul style="list-style-type: none">- Human Resources and Compensation Committee Chair- CEO	<p>September</p>
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MANAGEMENT SUCCESSION PLANNING

INTRODUCTION

The development and execution of the management succession and development plans involves the Board, the Human Resources and Compensation Committee and the CEO.

The management succession planning process is designed to assure the Board that, when necessary, BCIC's key management positions can be filled by competent people. The process is designed to ensure there is a range of options available to the Board and a broad diverse base of skills within the organization from which BCIC can choose its future leaders.

The Board considers succession planning to be an ongoing process providing longevity for BCIC through the continual development, encouragement and assessment of leadership talent at all levels of the organization.

DUTIES AND RESPONSIBILITIES

The duties and responsibilities in the succession planning process are shared among Board, the Human Resources and Compensation Committee and the CEO.

BOARD

The Board is responsible for:

- a) approving the succession plan for the CEO;
- b) in the case of other senior managers, for ensuring plans are in place for management succession and development;
- c) ensuring that criteria and processes for recognition, promotion, development and appointment of senior management are consistent with the future leadership requirements of BCIC; and



MANAGEMENT SUCCESSION PLANNING

- d) ensuring it receives appropriate briefings and acquires sufficient knowledge on potential successors to make an informed decision on future appointments.

Human Resources and Compensation Committee

The HRC Committee:

- a) reviews the CEO's management succession plan;
- b) receives periodic updates as well as an annual report on the plan and forwards it to the Board with appropriate comment;
- c) reviews and discusses with the CEO, the processes and outcomes associated with the recognition, promotion, appointment and development of the senior management team; and
- d) ensures the succession plan includes a process that would respond to an emergency situation which required an immediate replacement of the incumbent CEO.

CEO

The Chief Executive Officer:

- a) takes the lead in establishing the internal processes for identifying and developing BCIC's leaders and keeping the Board informed and involved;
- b) works with the Board, the Human Resources and Compensation Committee and management to design BCIC's leadership development processes;
- c) evaluates the leading candidates for promotion;



MANAGEMENT SUCCESSION PLANNING

- d) provides periodic updates to the Human Resources and Compensation Committee and the Board on the mechanisms that build leadership talent and succession capability in BCIC, including leadership competency frameworks; management development training; job changes; as well an assessment of the most likely successors for the top positions in BCIC;
- e) ensures BCIC has appropriate criteria and processes in place to hire, promote, transfer, and retain and that such policies and processes are consistent with the policies of BCIC;
- f) ensures there is a clear understanding of the management succession and development plan by all management and staff; and
- g) reviews the plan each year with the Human Resources and Compensation Committee and the Board.

PROCESS

The processes for management succession and development that require approval or special briefing are included in the Board and Human Resources and Compensation Committee annual calendars.



DIRECTOR EXPENSES

GENERAL

Directors are entitled to reimbursement of reasonable travel-related expenses incurred on BCIC business.

Directors may choose travel options and accommodations suitable to their needs and/or preferences; however, payment from BCIC will be for the equivalent of the lowest cost reasonable travel option. Directors should submit a completed Director expense claim form, together with applicable receipts, on a regular basis to the Corporate Secretary's office for reimbursement.

When submitting a claim for reimbursement of expenses, the following rules will apply:

- a) An itemized Expense Claim must be submitted for *each* individual's expenses, not including expenses paid for other persons accompanying the Director. Each person should claim his/her own expenses.
- b) The claim must be signed by the claimant and then submitted for approval by the appropriate individual as set out in the *Commitment and Spending Authority* schedule.

TRANSPORTATION

It should be noted that the MOST ECONOMICAL METHOD of transportation should be utilized where possible and **original** receipts must be attached to expense claims.

- By Car: Mileage rates - all vehicles – 0.45 cents/km
Parking will be paid where necessary; receipts must be attached.
- By Air: Receipts and tickets must be attached for airfares.
- By Ferry: Receipts for automobiles must be attached if the ferry is used.



DIRECTOR EXPENSES

By Taxi: The use of taxi should be kept to a minimum. A receipt will be required for amounts over \$5.00, or accumulated individual totals over \$10.00.

ACCOMMODATION AND MEALS

Original receipts or paid hotel bills must be attached to each Expense Claim. The hotel rate plus tax is all that is claimed in this section. If a Credit Card is used, the hotel bill must show charge card imprint or have a charge card flimsy attached.

A list of hotels in the Vancouver area offering government rates is available and individuals are strongly encouraged to use these accommodations whenever possible.

The allowable claims for accommodation are the current rates for provincial Public Servants:

In Province	Summer	Other Seasons
	May 1 to September 30 (plus taxes)	October 1 to April 30 (plus taxes)
Greater Vancouver	\$115	\$80
Greater Victoria	\$95	\$70
Whistler	\$65	\$80
All other areas in BC	\$70	\$65

In situations where private lodging is arranged, an allowance of \$30.00 per day will be granted.

The allowable claims for meals are the current rates for provincial Public Servants:

Breakfast only	\$10.25
Lunch only	\$12.00
Dinner only	\$21.00



DIRECTOR EXPENSES

In the case of Board and Committee meetings, and other events where meals are provided, Directors are not entitled to compensation as it relates to those meals.

If a meeting is held from 9:00 a.m. to 5:00 p.m., then only lunch may be claimed if the claimant is living in the same area where the meeting is held.

USE OF PERSONAL VEHICLES

All insurance requirements are the responsibility of each Director. Allowance for personal vehicle usage is 45 cents per km.

OTHER OUT OF POCKET EXPENSES

\$3.00 per travel day may be claimed for telephone calls without a receipt; a receipt or copy of a telephone bill is necessary to claim additional telephone expenses. Receipts are required for all other out-of-pocket expenses such as parking, baggage handling, etc.

PAYMENT OF EXPENSES

Payment of expenses will be processed upon receipt of a completed Director expense claim form, which should be submitted to the Corporate Secretary with applicable receipts.

RECORDS

The Corporate Secretary's office will keep records of all expenses paid to Directors on behalf of BCIC.



DIRECTOR LIABILITY

Section 13 of the *BC Innovation Council Act* provides: “an action for damages because of anything done or omitted to be done in good faith under this Act or the regulations must not be brought against a director, officer or employee of the council in the performance or intended performance of any duty, or in the exercise or intended exercise of any power.”

In addition, the Government indemnified each Director for any claims made against the Director in consequence of being or having been a director of BCIC. The form of indemnity is attached.



INDEMNIFICATION OF DIRECTORS

The Science Council of British Columbia, the Innovation and Science Council of British Columbia and the British Columbia Innovation Council are the same legal entity. So there is no need to issue new indemnifications as the only thing that has changed is the name of the organization.

The *Miscellaneous Statutes Amendment Act, 2006, S.B.C. 2006, c. 15* amended the *Innovation and Science Council Act, R.S.B.C. 1996, c. 415* by repealing the title of that act and substituting the *British Columbia Innovation Council Act*. It also redefined the "Innovation and Science Council of British Columbia" as the "British Columbia Innovation Council", but otherwise made no change to the organization.

Similarly, a change made in 2003 which changed the name from the Science Council of British Columbia to the Innovation and Science Council of British Columbia had the same effect. by the *Miscellaneous Statutes Amendment Act, 2003, SBC2003, c. 7, s. 51*, effective March 12, 2003 amended the **SCIENCE COUNCIL ACT [RSBC 1996] CHAPTER 415** retitling it, *Innovation and Science Council Act and renaming the entity*.

Name changes do not have a substantive effect on legal relationships involving the entity whose name has changed, unless something more has occurred than a name change.

Message from:

Laura Hughes
Director, Underwriting & Analysis
Risk Management Branch & Government Security Office
Ministry of Finance

May 17, 2006



COMMITTEE OPERATIONS GUIDELINES

GUIDELINES FOR COMMITTEES OF THE BOARD

1. Each Committee will review its own Terms of Reference annually and any changes will be submitted to the Governance Committee for review and recommendation to the full Board.
2. Committee Chairs and members are appointed by the Board, on the recommendation of the Board Chair. A Committee member may belong to more than one Committee at one time upon approval of the Board. A Committee member may be removed from one Committee and placed on another Committee upon approval of the Board, providing such a change is not in conflict with the Composition guidelines of the Terms of Reference for each Committee. A Committee member may be removed or replaced at any time by the Board and will cease to be a member upon ceasing to be a Director of BCIC.
3. The frequency of Committee meetings will be determined by the Committee Chair. Meetings will be scheduled a year in advance in conjunction with Board meetings where possible.
4. Each Committee will make periodic recommendations to the Board in respect of the subject on which it was created to advise. The Board will take into consideration, but will not be bound by, Committee recommendations.
5. The Corporate Secretary will work with the Committee Chair towards the establishment of meeting agendas and preparation of meeting materials.
6. The Corporate Secretary will ensure that the minutes of each Committee meeting are prepared and given in a timely fashion to each Committee member. Following a



COMMITTEE OPERATIONS GUIDELINES

Committee meeting, that Committee's Chair will provide an oral report on every major matter considered at that meeting to the full Board at the Board's next scheduled meeting. A complete meeting record will be maintained by the Office of the Corporate Secretary and Committee minutes, once they are approved by the Committee, will be provided to the Board Chair, Directors and the CEO.

7. A Committee may invite such Directors or, in consultation with the CEO, such employees of BCIC, as may be considered desirable to attend meetings and assist in the discussion and consideration of the business of the Committee.
8. Each Committee Chair will advise the CEO when the Committee wishes to use BCIC staff as Committee support. It will be the responsibility of the CEO, or the appropriate member of Management, to designate staff for the Committee's assistance.
9. A Committee member may participate in a meeting through any communications medium, provided that all persons participating in the meeting can adequately communicate with one another.
10. A quorum for the transaction of business at a Committee meeting will be a majority of appointed members. Questions arising at a meeting will be determined by a majority of votes of the members present.
11. The Corporate Secretary will liaise with the Committee Chair in the preparation of meeting agendas and related materials.



AUDIT AND FINANCE COMMITTEE – TERMS OF REFERENCE

PURPOSE

Primary responsibility for the financial reporting, accounting systems, risk management, management plans and budgets, internal controls and treasury of BCIC is vested in Management and overseen by the Board of Directors.

The purpose of the Audit and Finance Committee (the “Committee”) is to assist the Board of Directors in fulfilling its obligations and oversight responsibilities relating to the audit process, financial reporting, the system of corporate controls, and risk management, and when required, make recommendations to the full Board of Directors for approval.

In the process of overseeing BCIC’s audit procedures, the Committee will have unrestricted access to BCIC’s personnel and documents, and will be provided with the resources necessary to carry out its responsibilities, including the authorization to engage independent counsel and other advisers as part of this resource requirement.

COMPOSITION

The Committee will be composed of at least three independent Directors.

Committee members will have a working familiarity with finance and accounting practices, and at least one Committee member will have accounting or related financial management expertise.

The External Auditors will be notified of the Committee’s meeting schedule and receive the appropriate meeting materials in advance of meetings. The External Auditors will have the right to appear before and to be heard at, every meeting of the Committee, and will appear before the Committee when requested to do so by the Committee. .



AUDIT AND FINANCE COMMITTEE – TERMS OF REFERENCE

The Corporate Secretary will be secretary to the Committee.

DUTIES AND RESPONSIBILITIES

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

- a) review and approve for recommendation to the Board, BCIC's annual operating and capital budgets, and any amendments thereto from time to time;
- b) review quarterly financial reports and related information of BCIC, including the status of capital and major programs of BCIC to ensure that any material deviation from budget, or any material indication that actual results will fail to meet budget expectations, are addressed by the CEO;
- c) recommend quarterly financial reports for approval or disapproval to the Board; the Committee will provide an explanation if it cannot recommend approval;
- d) review the financial statements and reports, and recommend their approval or disapproval to the Board of Directors. The Committee will provide an explanation if it cannot recommend approval. The review must include:
 - i) determining whether appropriate accounting methods are being applied;
 - ii) discussing with Management and with the External Auditor:
 - all proposed changes in accounting policy,
 - the import and presentation of all large risks or uncertainties,
 - compliance with accounting standards,



AUDIT AND FINANCE COMMITTEE – TERMS OF REFERENCE

- significant adjustments arising out of the audit process and related party transactions, and
 - all estimates or judgments of Management that may be material to financial reporting;
- iii) questioning Management and the External Auditor regarding significant financial reporting, recording or presentation issues discussed during the fiscal period and the manner of their resolution; and,
- iv) examining the audited annual financial statements in conjunction with the report of the External Auditor, which may include determining whether the statements:
- properly reflect the significant accounting policies selected,
 - reflect estimates and other financial statement elements that are reasonable and consistent,
 - adequately disclose all major transactions and issues,
 - disclose all post-year-end significant events, and
 - are understandable, relevant, reliable and comparable.

EXTERNAL AUDIT

The Committee will oversee the external audit process, including:



AUDIT AND FINANCE COMMITTEE – TERMS OF REFERENCE

- a) determining whether the performance of the external audit is satisfactory, effective and meets the requirements of BCIC;
- b) reviewing all issues related to any change in External Auditor and the planned steps for an orderly transition;
- c) reviewing the terms of the External Auditor's engagement, and the appropriateness and reasonableness of the proposed audit fees;
- d) reviewing on an annual basis the amount of fees paid to the External Auditor and their affiliates for audit related and non-audit consulting services provided to BCIC in accordance with best practices;
- e) at the request of management, pre-approving fee levels for audit related and non-audit related services provided to BCIC by its External Auditor;
- f) reviewing non-audit services provided by the External Auditor's firm or an affiliate;
- g) reviewing the audit plan with the External Auditor and management;
- h) determining whether Management has provided full and open disclosure to the External Auditor's inquiries;
- i) reviewing problems experienced by the External Auditor in performing the audit, including any restriction imposed by Management and all significant accounting issues on which there was a disagreement with Management;



AUDIT AND FINANCE COMMITTEE – TERMS OF REFERENCE

- j) reviewing the post-audit opinion or management letter containing the recommendations of the External Auditor and reviewing Management’s response and subsequent follow-up to any significant identified weaknesses;

ACCOUNTING SYSTEM AND INTERNAL CONTROLS

The Committee will:

- a) through discussions with Management and the External Auditors, obtain reasonable assurance that BCIC’s accounting systems are reliable and internal controls are adequate. For this purpose, the Committee may wish to direct the External Auditors’ examinations to particular areas and may request the External Auditors to undertake special examinations.
- b) review the evaluation of internal controls by the External Auditor, including any recommendations for improvement of BCIC’s accounting procedures and internal controls, together with Management’s response.
- c) periodically review the requirement for an internal audit function.

AUDIT FEES

The Committee will annually review the base fees for existing services and recommend the level of base fees to be charged in the subsequent year;

RISK MANAGEMENT

The Committee will monitor principal risks associated with BCIC’s business. However, the each committee of the Board should take responsibility for monitoring risks directly related to their respective mandates.



AUDIT AND FINANCE COMMITTEE – TERMS OF REFERENCE

The Chief Executive Officer and Chief Financial Officer of BCIC are responsible for establishing processes, procedures and mechanisms by which key matters of risk are identified, and ensuring that strategies are developed to manage such risks.

The Committee will receive quarterly reports on the management of material risk to BCIC. In particular, the Committee will review with Management the policies and procedures that are in place to identify, manage and monitor material risk including, but not limited to:

- a) interest rates, foreign exchange, debt and credit;
- b) risks of low probability and high impact events and disaster preparedness;
- c) information technology strategies including security of electrical supply and asset risk, and
- d) such other risk issues of concern to the Committee, the Board of Directors and Management.

CODE OF BUSINESS CONDUCT AND ETHICS

The Committee will:

- a) ensure that BCIC has in place procedures to address issues raised by employees or other parties concerning:
 - i) alleged breaches of the Conflict of Interest and Confidentiality Guidelines;
or
 - ii) other alleged irregularities in respect of accounting, financial reporting or internal control matters.



AUDIT AND FINANCE COMMITTEE – TERMS OF REFERENCE

OTHER RESPONSIBILITIES

The Committee will:

- a) before public disclosure, review any formal financial reports on the condition or results of BCIC;
- b) annually review a listing of all expenditures incurred by BCIC with external auditor firms, other than those fees related to BCIC's own External Auditor which will be reported as previously described;
- c) confirm that appropriate policies and procedures are in place for monitoring compliance with applicable laws and ascertain their adequacy and the levels of compliance;
- d) annually review the expense reporting of the Board Chair, CEO, and all Directors;
- e) review and approve the hiring policies of BCIC regarding any partners and employees, and former partners and employees of the present and former External Auditor of BCIC;
- f) review and provide comments to the Human Resources and Compensation Committee on any proposed changes of major significance to the position of the CFO;
- g) keep current on emerging best practices in corporate governance relevant to the mandate of the Committee and, as required, recommend changes to the governance framework for audit and finance functions to the Governance Committee.



AUDIT AND FINANCE COMMITTEE – TERMS OF REFERENCE

- h) review such other matters that the Committee or the Board of Directors deems advisable or timely.

ACCOUNTABILITY

The Committee will report its discussions to the Board of Directors by distributing the minutes of its meetings, and where appropriate, by oral report to the Board of Directors with respect to every major matter considered since the last meeting.

COMMITTEE TIMETABLE

The timetable for the Committee's activities is reflected in the Committee's Calendar attached as Schedule A.



GOVERNANCE AND BOARD NOMINATION COMMITTEE – TERMS OF REFERENCE

PURPOSE

The purpose of the Governance and Board Nomination Committee (the “Committee”) is to:

- a) review the policies and practices of the Board;
- b) ensure the Board’s continuing ability to fulfill its legislated mandate;
- c) implement effective due diligence over the governance of BCIC.

COMPOSITION

The Committee will be composed of at least three Directors.

The Corporate Secretary will be secretary to the Committee.

DUTIES AND RESPONSIBILITIES

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

- a. review at least annually, the governance framework for BCIC and advise the Board regarding:
 - i. areas of concern;
 - ii. recommended changes; and
 - iii. best practices.
- b. annually review the Board Charter, Committee Charters, Position Descriptions for the Board Chair, CEO and Corporate Secretary and any other position



GOVERNANCE AND BOARD NOMINATION COMMITTEE – TERMS OF REFERENCE

- descriptions or materials contained in the Board Governance Manual and make recommendations as appropriate;
- c. ensure appropriate structures and procedures are in place to allow the Board to function effectively;
 - d. annually review the skills and experience represented on the Board in light of the strategic direction of BCIC and recommend any changes to the skills and experience profile;
 - e. develop and implement a process for communicating to Government the skills and experience profile and other criteria Government should consider when appointing individuals to serve on the Board;
 - f. identify and recommend to Government candidates for appointment to the Board;
 - g. ensure programs are in place for new Director orientation and ongoing Director professional development;
 - h. annually review processes for evaluating the effectiveness of the Board, Committees and Directors; and
 - i. assume other corporate governance related responsibilities as assigned to the Committee by the Board or the Chair.

ACCOUNTABILITY

The Committee will report its discussions to the Board by distributing the minutes of its meetings and, where appropriate, by oral report at the next meeting of the Board of every major matter considered since the Board's last meeting.



GOVERNANCE AND BOARD NOMINATION COMMITTEE – TERMS OF REFERENCE

COMMITTEE TIMETABLE

The timetable for the Committee's activities is reflected in the Committee calendar.



HUMAN RESOURCES AND COMPENSATION COMMITTEE
– TERMS OF REFERENCE

PURPOSE

The Human Resources and Compensation Committee (the "Committee") is constituted to assist the Board in fulfilling its oversight responsibilities with respect to the human resources policies and practices of BCIC.

COMPOSITION

The Committee will be composed of at least three Directors.

The Corporate Secretary will be secretary to the Committee.

DUTIES AND RESPONSIBILITIES

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

- a. review programs, policies and practices with respect to the development of BCIC's human resources;
- b. review the organizational structure, promotions and appointments at the senior Management level of BCIC and, with respect to the position of the CFO, seek comments from the Audit and Finance Committee on any changes of significance to that position;
- c. ensure plans are made for Management succession and development;
- d. review and recommend compensation philosophy and guidelines for the CEO and senior Management including salary, incentive awards, perquisites, benefits and other remuneration;



HUMAN RESOURCES AND COMPENSATION COMMITTEE
– TERMS OF REFERENCE

- e. review the performance and compensation of the CEO, including:
 - i. recommending, and when approved by the Board, implementing the process for evaluating the performance of the CEO;
 - ii. reviewing the goals and objectives of the CEO annually, or as required, to ensure they are aligned with those of the Board;
 - iii. monitoring and reporting to the Board on the CEO's performance relative to stated goals and objectives;
 - iv. reviewing and recommending compensation for the CEO including salary, incentive awards, perquisites, benefits and other remuneration;
- f. review responsibilities and accountabilities of senior Management;
- g. review and, as appropriate, approve the CEO's recommendations regarding compensation for senior Management including salary, incentive awards, perquisites, benefits and other remuneration;
- h. annually review and verify for completeness, succession and development plans for Management prior to the CEO's discussion of those plans with the Board;
- i. receive and monitor timely reports from Management on pertinent human resources issues, providing advice as appropriate;
- j. keep current on emerging best practices in corporate governance relevant to the mandate of the Committee and, as required, recommend changes to the



HUMAN RESOURCES AND COMPENSATION COMMITTEE
– TERMS OF REFERENCE

governance framework for human resources functions to the Governance Committee;

- k. address other human resource issues as delegated to the Committee by the Board or the Chair.

ACCOUNTABILITY

The Committee will report its discussions to the Board by distributing the minutes of its meetings and, where appropriate, by oral report at the next meeting of the Board of every major matter considered since the Board's last meeting.

EXISTING POLICIES

BCIC currently has the following human resources policies in place:

- Employee Benefits
- Employee Discipline
- Employee Attendance
- Employee Leave and Special Leave
- Employee Professional Development
- Employee Recruitment

COMMITTEE TIMETABLE

The timetable for the Committee's activities is reflected in the annual Committee calendar.