



Canadian  
Chamber of  
Commerce

Chambre de  
Commerce  
du Canada

The Future of Business Success  
L'avenir de la réussite en affaires

# Corporate Governance Manual

Approved by the Board on June 19, 2024



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## Committees

### a) Committees of the Canadian Chamber

The Board has the following Standing Committees, as set out in the By-Laws:

- Finance and Audit Committee
- Human Resources and Compensation Committee
- Nominating and Governance Committee

Standing Committees provide input, guidance and support to the Board and our organization in developing and delivering our strategic priorities and objectives. Their mandates are approved by the Board. They can be permanent in nature or created for a special purpose.

In addition, the Directors may from time to time establish such committees and task forces of the Board as they deem appropriate, with such roles and responsibilities as they deem appropriate.

All committees of the Board, including without limitation Standing Committees, derive their authority from the Board, take direction from the Board and report to the Board. Committees derive their authority from the Board and do not have authority independent of the Board.

### b) Board Committee Chairs

Each chair of a Board committee, referred to herein as a Board Committee Chair, is responsible for providing leadership and ensuring the Committee Members are aware of their obligations and that the committee complies with its responsibilities to support the Board in providing input, guidance and support to our organization in developing and delivering our strategic priorities and objectives. With the consent of the Board, a Board Committee Chair shall, in respect of the committee they chair:

- a. Ensure committee meetings are called and held in accordance with the committee's mandate, terms of reference and By-Laws.
- b. Call, preside at and chair the committee's meetings.
- c. Determine the agenda for the committee.
- d. Lead in setting the annual objectives of the committee in support of our strategic priorities and objectives.
- e. Facilitate discussions at the committee level and take all reasonable steps to ensure the appropriate level of communication among Directors and between management and Board Committee Members.
- f. Take all reasonable steps to ensure Committee Members receive material in a timely manner and the content of the material is appropriate.
- g. Provide advice, support and counsel to management or to our President and CEO as needed.
- h. Work with the members of the committee to see that policies and procedures that will serve the committee's work are developed and presented to the Board.
- i. Report regularly to the Board on the activities of the committee.
- j. Perform such other duties, functions and responsibilities as assigned by the Board.



### c) Board Committee Deputy Chairs

Each deputy chair of a Board committee, referred to herein as a Board Committee Deputy Chair, is responsible for promoting the continuity and development of leadership in our organization. With the consent of the Board, the Board Committee Deputy Chair of the Board shall in respect of the committee they deputy chair:

- a. Assist the Board Committee Chair with their duties.
- b. Assume the responsibilities of the Board Committee Chair in their absence.
- c. Attend meetings of the Board and the Board Committees on which they serve, the Annual Meetings and special meetings of the membership.
- d. Accept responsibilities as delegated by the Board Committee Chair.
- e. Oversee projects and assume other responsibilities as assigned by the Board or the Board Committee Chair.



## 4. Board and Committee Terms of Reference

### Terms of Reference: Board of Directors

#### Chair:

The Chair of the Board serves as the Chair.

#### Vice-Chair:

The Vice-Chair of the Board serves as the Vice-Chair.

#### Reports:

The Chair or Vice-Chair of the Board will report regularly to the Directors and to the members of our organization on the activities of the Board.

#### Composition:

In accordance with our By-Laws, a slate of nominees for Directors delivered by the Nominating and Governance Committee in respect of an Annual Meeting shall be proposed based on the [Board Skills Matrix](#) such that (i) the nominees for Directors, and (ii) the continuing Directors whose terms of office as Director do not expire at the next Annual Meeting, collectively, consist of:

- a. the Chair of the Board, the Vice-Chair of the Board and the Treasurer, each of whom shall be elected by the Organizational Members as a Director and to the foregoing listed officer role; and
- b. a maximum of seventeen (17) additional Directors but no less than three (3), each of whom shall be elected by the Organizational Members as a Director.

In order to be eligible to serve as a Director, an individual must be affiliated with a Member in a manner acceptable to the Board and must provide their consent to electronic meetings of the Board as provided for in Section 44 of the by-laws.

The Board may elect the individual who most recently served as Chair to the office of Past Chair, for a maximum term of two (2) years. If so elected, the Past Chair will not be entitled to vote at meetings of the Board but shall serve as an advisor to the Board and have such duties as specified by the Board.

The President and CEO by virtue of their position, will be designated an official advisor to the Board and entitled to attend and speak at any meeting of the Board or meeting of any committee of the Board, but shall have no voting authority. The Board may from time to time designate any number of non-voting advisors and permit such individuals to attend meetings of the Board or meetings of any committee of the Board as the Board sees fit.

Each of the Directors elected at an Annual Meeting shall have a fixed term, as follows:

- a. the Chair of the Board shall serve a maximum term of two (2) years; and
- b. all other Directors shall serve a term of one (1) year.

No Director shall serve more than six (6) consecutive years on the Board unless they are serving



as the Chair, Vice-Chair or Treasurer, in which case any time spent in such role shall not be counted toward the total term of service permitted by this by-law. An individual shall only be entitled to serve a maximum of two (2) one (1) year terms as Vice-Chair and one (1) two (2) year term as Chair. An individual shall only be entitled to serve a maximum of four (4) one (1) year terms as Treasurer.

After serving six (6) consecutive years on the Board, a Director shall not be eligible for re-election to the Board, until at least one (1) year has elapsed with such Director not holding office.

The Canadian Chamber seeks to maintain a Board and its committees comprised of talented and dedicated Directors with varied genders, races, ages, origins, orientations, cultures, beliefs, abilities, education and life experiences. The skills and backgrounds collectively represented on the Board and its committees should reflect the diverse nature of the Canadian population and business environment in which the Canadian Chamber operates. Therefore, the Canadian Chamber will seek to maintain a Board on which women represent at least 40% of Directors, and to actively encourage the recruitment of Directors from diverse categories, such as Indigenous peoples, visible minorities and those with disabilities.

### Meetings:

Meetings of Directors and of any committee of Directors may be held at any place, except that during each six (6) year period, a meeting of Directors shall be held in each of the Recognized Regions of Canada.

A meeting of Directors may be convened by the Chair, the President or by written request of any four (4) Directors at any time and the Secretary shall upon direction of any of the foregoing convene a meeting of Directors.

There shall be at least four (4) meetings of Directors in each calendar year.

Notice of the time and place for the holding of any such meeting shall be sent to each Director not less than fourteen (14) days (exclusive of the day on which the notice is sent but inclusive of the day for which notice is given) before the date of the meeting; provided that meetings of the Directors or of any committee of Directors may be held at any time without formal notice if all the Directors are present (except where a Director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called) or if all the absent Directors have waived notice. The notice shall specify any matter referred to in subsection 138(2) of the Act that is to be dealt with at the meeting.

For the first meeting of Directors to be held following the election of Directors at a meeting of Members or for a meeting of Directors at which a Director is appointed to fill a vacancy in the Directors, no notice of such meeting need be given to the newly elected or appointed Director or Directors for the meeting to be duly constituted, provided a quorum of the Directors is present.

Directors may meet without the presence of management of our organization (in-camera) before or after every Board meeting. As appropriate, any decisions made during this session will be sent to the Board Secretary to be included in the minutes of the meeting.

Board meeting procedures will be governed by Robert's Rules of Order.



## Quorum:

A majority of the Directors then in office shall constitute a quorum at meetings of Directors. Subject to subsections 132(1) and 140(1) of the Act, no business shall be transacted by the Directors except at a meeting of Directors at which a quorum is present. Questions arising at any meeting of Directors, including the passage of a resolution, shall be decided by a majority of votes. In case of an equality of votes, the chair of the meeting shall not have a second or casting vote in addition to the chair's original vote as a Director, and the issue being voted on shall not pass.

## Mandate:

The Board shall provide oversight of the activities and affairs of our organization. It may adopt such rules and regulations deemed necessary in regard thereto, so long as they are consistent with the provisions of applicable laws and corporate policies. The Board shall have the following functions and powers:

1. With respect to strategic planning
  - a. Adopt a strategic planning process
  - b. At least twice a year, meet with our President and CEO to discuss the implementation of our strategic plan, priorities of our organization and tactical issues.
2. With respect to human resources and performance assessment
  - a. Monitor the succession planning process for senior management and the Board.
  - b. Choose our President and CEO.
  - c. Approve, annually, the goals and objectives of the President and CEO.
  - d. Monitor and assess the performance of our President and CEO against their goals and objectives and ensure our President and CEO assesses the performance of other members of management reporting to them.
  - e. Approve the compensation of our President and CEO and the compensation policy for the other employees of our organization, taking into consideration goals and objectives fixed by the Board.
3. With respect to financial matters and internal controls
  - a. Monitor the reliability and quality of our financial statements and the appropriateness of their disclosure.
  - b. Monitor our internal controls and management information systems.
  - c. Monitor our compliance with applicable legal and regulatory requirements.
  - d. Take appropriate steps to identify the potential risks and opportunities affecting our organization and to monitor the management of these risks and opportunities.
4. With respect to corporate governance matters
  - a. Review the size and composition of the Board and its committees, taking into account competencies, skills and personal qualities of each member of the Board.
  - b. Approve the list of Board nominees for election by members.
  - c. Take reasonable measures to ensure the competent and ethical operation of our organization.
  - d. Develop our approach with respect to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to our organization.



- e. Adopt and periodically review our code of conduct and take reasonable steps to see to it that this code is respected.
  - f. Ensure the annual performance assessment of the Board, Board committees, Board and committee chairs and individual Directors.
  - g. Adopt and periodically review the policy for orientation and continuing education of Directors.
  - h. Adopt and periodically review a policy for receiving feedback or comments concerning our organization from stakeholders.
5. With respect to policy matters
- a. Adopt and support, as appropriate, the policy priorities presented by management and developed with input from the Board, Board committees, member committees and our membership.
  - b. Provide strategic advice and ensure policies are consistent with our strategic plan.
6. With respect to corporate relations matters
- a. Adopt and periodically review our corporate relations strategy.
  - b. Provide expertise and support our revenue-generating process, specifically related to membership and sponsorship activities.
  - c. Provide strategic advice on corporate membership recruitment and retention as well as marketing and communications approaches.
7. With respect to improving the Canadian Chamber Network
- a. Provide guidance on the general flow of communication and consultations between our organization, provincial, territorial and local chambers of commerce.

The Board may from time to time establish one or more committees of Directors. However, there is a limit of delegation of authority as follows.

Excerpt from by-law 50:

#### **Limit of Delegation of Authority**

The Directors may delegate to each standing committee of the Board any of the powers of the Directors, except that no committee shall have the authority to:

- a. Submit to the Members any question or matter requiring the approval of the Members;
- b. Fill a vacancy among the Directors or in the office of public accountant or appoint additional Directors;
- c. Issue debt obligations except as authorized by the Directors;
- d. Approve any financial statements to be placed before the Members of the Corporation;
- e. Adopt, amend or repeal by-laws of the Corporation; or
- f. Establish contributions to be made or dues to be paid by Members as provided in the Act.

#### **Committee Performance:**

The Nominating and Governance Committee will oversee an annual review and evaluation of the performance of the Board and its members, including a review of adherence to the terms of reference. The results of the assessment will be reported to the Board.



In addition, the Board will conduct an annual review to determine the relevance and effectiveness of its terms of reference and recommend any improvements it considers necessary or appropriate.

### Standing Agenda:

The Board will develop a standing agenda. The purpose is to identify annual priorities and tasks to perform in order to fulfill the mandate and duties of the Board.

#### January – March

- Review and approval of year-end audited financial statements. Based on timing, this may be performed electronically.
- Hold an annual Chair invitational meeting with the CEOs of the provincial and territorial chambers; this may be held electronically.

#### April – June

- Review and approval of the slate of nominees.
- Review and approval of the reappointment of audit firm.
- Review and approval of the modifications to by-laws as needed.

#### July – September

- Report from Nominating and Governance Committee Chair related to the Board performance evaluation.

#### October – December

- Review and approval of the members of the Standing Committees (i.e.; Finance and Audit; HR and Compensation; and Nominating and Governance) as well as Board advisors, if applicable.
- Review and approval of the business plan, management objectives as well as operating and capital budgets.
- Review and approval of policy resolutions referred to the Board from the Annual Meeting & Convention.





## Terms of Reference: Finance and Audit Committee

### Chair:

The Treasurer serves as the Chair of this committee.

### Deputy Chair:

On an annual basis, the Chair of this committee will recommend to the Nominating and Governance Committee the Deputy Chair of this committee. The Nominating and Governance Committee will bring this recommendation to the Board for approval.

### Secretary:

A staff member serves as Secretary of the committee. The Secretary will support the work of the committee by working with Committee Members to identify priorities and develop the forward agenda, coordinating meetings and maintaining meeting minutes and other records of activities.

### Reports:

The Chair or the Deputy Chair of the committee will report regularly to the Board.

### Composition:

The committee will be comprised of six to eight Directors, including the following:

- a. The Chair of this committee.
- b. The Deputy Chair of this committee.
- c. The Chair of the Board.
- d. The Vice-Chair of the Board.
- e. Up to an additional four (4) Directors; to the extent possible, will include Committee Members who are financially literate and have accounting, auditing or financial experience.

In accordance with Section 194 of the Act, the Finance and Audit Committee shall be composed of not less than three Directors, a majority of whom are not Officers or employees of the Corporation or any of its affiliates.

All committees are encouraged to draw on resources outside the committee (e.g. past Directors). In exceptional circumstances, all committees can also reach out to third-party advisors and external consultants with prior approval by the Board, should there be a cost for these services.

The composition of the committee shall reflect the [Board Diversity Policy](#).

### Meetings:

Meetings of the committee will be held four times a year, or more frequently, as circumstances require and at the discretion of the Chair or Deputy Chair. Meetings can be held in person, via telephone or video conference.

Notice and agendas of committee meetings will be sent to each member of the committee in advance of committee meetings.



An in-camera session without staff will be included as part of the agenda at every meeting. The Committee Chair will update the Board in respect of all matters discussed at the committee in-camera, and the committee does not have the authority to withhold information from the Board, whether discussed in camera or not. As appropriate, any decisions made during this session will be sent to the Committee Secretary to be included in the minutes of the meeting.

### Quorum:

A majority of the Committee Members (more than 50%), will constitute quorum. Each matter before the committee shall be decided by a majority of the votes cast on the matter. If a quorum is present at the opening of a committee meeting, Committee Members present may proceed with the business of the meeting, notwithstanding that a quorum is not present throughout the meeting.

### Mandate:

Board committees provide input, guidance and support to our organization in developing and delivering our strategic priorities and objectives.

The purpose of the Finance and Audit Committee is to assist the Board in fulfilling its responsibilities by reviewing, advising and making recommendations to the Board, in respect of the By-Law requirements in the following areas:

1. To review and provide guidance on the financial operations of our organization at each meeting.
2. To review and provide recommendations on the following:
  - a. The annual operating and capital budget, performed in November of each year.
  - b. Quarterly financial statements and discussion of variances.
  - c. [Investment policy](#) for both long-term funds and short-term funds. Will review every two years starting May 2023.
  - d. Major capital expenditures. Performed during the annual budget cycle in November.
  - e. Review revenue and cost variance 2% and over in aggregate. Approve any plan to overspend the annual operating budget by more than 2% (in aggregate), while considering any variance on revenue against the annual budget. The policy should be reviewed by the Finance and Audit Committee at least every five years for its continued appropriateness for the overall goals, priorities and risks.
  - f. Large projects, leases or contracts with costs of more than five times the materiality threshold set by the external auditor. Performed during the annual budget cycle for approval; however, discussed with committee as soon as management is aware of such investments in the organization
  - g. Any other matters pertinent to the financing of our organization. Performed as necessary. Discuss with committee as soon as management is aware of such circumstances.
3. To review and provide guidance on the appropriateness and integrity of the accounting principles and practices used by our organization. Performed as necessary.
4. To review and provide guidance on our financial statements and other financial reporting, including:
  - a. Reviewing and discussing with management and the external auditor our annual financial statements. Performed in March of each year.



- b. Recommending to the Board approval of the audited financial statements. Performed in March of each year.
  - c. Reviewing major issues regarding accounting principles and financial statement presentation. Performed in January and March with external auditors.
  - d. Reviewing all critical accounting policies and practices, including all alternative treatments of financial information. Performed in January and March with external auditors.
5. To review and provide guidance on the appropriateness of the disclosure principles and practices followed by management in preparing the financial statements. Performed in March when external auditors present statements.
6. To review and provide guidance on the external auditor's qualifications, independence and performance, including:
  - a. Recommending the external auditor for appointment or replacement to the Board and for ratification by our organizational Members. Performed at the Annual Meeting.
  - b. Recommending compensation of the external auditor to the Board. Performed in May.
  - c. Reviewing and pre-approving of all annual financial audit fees and non-audit services and fees where those fees exceed 25% of annual financial audit fees to be performed by the external auditor, regardless of threshold established all work performed by the external auditor is to be reported to this committee. Performed as required.
  - d. Reviewing the overall scope of the external audit plan at least annually. Performed in January of each year.
  - e. Receiving all reporting from the external auditor (i.e., the external auditor reports to the audit committee). Performed in March of each year.
  - f. Periodically reviewing the status and findings of the external auditor's audit program. Performed in March.
  - g. Confirming the external auditor's independence, including reviewing our hiring policies for employees of former employees of the external auditor. Performed during the year-end audit in February and the interim audit in November.
7. To review and provide guidance on management's establishment of an adequate system of internal controls and procedures and effective performance of those internal controls and procedures. Performed in March of each year. The committee reviews and performs this diligence through its review of the year-end audit findings report and the management letter, which describes significant weaknesses in internal controls that were observed during the audit by the external auditors. In addition, the management compliance report stating that all tax withholdings etc. have been remitted would be part of that. From time to time, the committee could request additional procedures to be performed by the external auditor or others around controls.
8. To oversee management's compliance relating to remittances. Performed in March and August of each year.
9. To oversee the adequacy of the enterprise property insurance coverage. Performed in November of each year: Strategy and direction of next renewal of insurance policy with a renewal date of January of each year. (One-pager from insurance broker.)
10. To authorize the retention/hiring of independent professionals to assist in conducting of any investigation identified by this committee as required. Performed as required.



11. To regularly review with management, the principal financial risks facing our organization, the assessment of those risks and how they are managed or mitigated. Performed in May, August and November of each year.
12. Annually set objectives for the committee to establish a forward agenda taking into consideration of the timeline below. Performed in January of each year.
13. For other risks, issues or questions delegated to it by the Board. Performed as necessary.

While the committee has the responsibility and powers set forth in its mandate, it is not the duty of the Finance and Audit Committee to plan or conduct audits or to determine that our financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and/or applicable rules or regulations. These are the responsibility of management and the external auditor. In carrying out its oversight responsibilities, the committee will necessarily rely on the expertise, knowledge and integrity of our management and external auditors.

### Committee Performance:

This committee will perform an annual review and evaluation of the performance of this committee and its members, including a review of adherence to the terms of reference. The results of the assessment will be reported to the Board.

In addition, the committee will conduct an annual review to determine the relevance and effectiveness of its terms of reference and recommend to the Board any improvements the committee considers necessary or appropriate.

### Standing Agenda:

The committee will develop a standing agenda. The purpose is to identify annual priorities and tasks to perform in order to fulfill the mandate and duties of this committee.

#### January – March

- Meeting with the auditors to review external audit plan.
- Review audit engagement letter.
- Review committee terms of reference.
- Set annual objectives to include in a forward agenda.
- Review principal financial risks assessment and mitigation with management.
- Meeting with the auditors to review Audit Findings Report, including audit plan debrief, critical accounting estimates, financial statement presentation and disclosure, adjustments and differences, control observations, audit risks and results and auditors' independence.
- Review audit representation letter.
- Review audited financial statements to bring forth a recommendation for approval to the Board.
- Reviewing major issues regarding accounting principles and financial statement presentation. Finance and Audit Committee January, March with external auditors.
- Reviewing all critical accounting policies and practices, including all alternative treatments of financial information. January and March with external auditors.









## Standing Agenda:

The committee will develop a standing agenda. The purpose is to identify annual priorities and tasks to perform in order to fulfill the mandate and duties of this committee.

### January – March

- Review the assessment of preceding year's management objectives.
- Overview and preliminary financial results from previous year.
- Assess and approval of bonus pool based on staff performance and yearly results prior to the commencement of the year end audit (i.e., by the first week of February).
- Assessment of policy advocacy performance for previous year.
- Leadership development and succession planning review.
- In-camera (consideration of base pay for President and CEO).

### July – September

- Leadership development and succession planning framework update.
- Review and assessment of HR policies.
- Review and reassessment of terms of reference.
- Review and evaluation of HR and Compensation Committee performance.

### October – December

- Consideration of vacation carry over (if any).
- Review and approval of salary policy and guidelines for the following year prior to presenting of the annual budget to the Finance and Audit Committee scheduled in this same timeframe.
- Review and approval of following year management objectives.
- Review and assessment of internal succession potential candidates.





## Terms of Reference: Nominating and Governance Committee

### Chair:

The Nominating and Governance Committee, on an annual basis, will recommend to the Board, for approval, the Chair of this committee.

### Deputy Chair:

The Nominating and Governance Committee, on an annual basis, will recommend to the Board, for approval, the Deputy Chair of this committee.

### Secretary:

A staff member serves as Secretary of this committee. The Secretary will support the work of the committee by working with members to identify priorities and develop the forward agenda, coordinating meetings and maintaining meeting minutes and other records of activities.

### Reports:

The Chair or the Deputy Chair of the committee will report regularly to the Board on the activities of the committee.

### Composition:

The committee will be comprised of six (6) to eight (8) Directors.

To the extent possible, the committee will include members with experience in corporate or association governance.

All committees are encouraged to draw on resources outside the committee (e.g., past Directors). In exceptional circumstances, all committees can also reach out to third-party advisors and external consultants with prior approval by the Board, should there be a cost for these services.

The composition of the committee shall reflect the [Board Diversity Policy](#).

### Meetings:

Meetings of the committee will be held four times a year or more frequently as circumstances require and at the discretion of the Chair or Deputy Chair. Meetings can be held in person, via telephone or video conference.

Notice and agendas of committee meetings will be sent to each member of the committee in advance of committee meetings.

An in-camera session without staff will be included as part of the agenda at every meeting. The Committee Chair will update the Board in respect of all matters discussed at the committee in-camera and the committee does not have the authority to withhold information from the Board, whether discussed in camera or not. As appropriate, any decisions made during this session will be sent to the Committee Secretary to be included in the minutes of the meeting.



## Quorum:

A majority of the Committee Members (more than 50%), will constitute quorum. Each matter before the committee shall be decided by a majority of the votes cast on the matter. If a quorum is present at the opening of a committee meeting, Committee Members present may proceed with the business of the meeting, notwithstanding that a quorum is not present throughout the meeting.

## Mandate:

Board committees provide input, guidance and support to our organization in developing and delivering our strategic priorities and objectives.

The Nominating and Governance Committee has the following responsibilities:

### 1. Board Composition and Evaluation:

- a. Develop membership qualifications for the Board and all Board committees, including defining specific criteria to recommend to the Board for the selection of new Directors to serve on the Board.
- b. Identify individuals believed to be qualified as candidates to serve on the Board, consistent with criteria approved by the Board, and recommend the candidates for all directorships to be filled by the Board at an annual or special meeting in accordance with the "Composition requirements of the Director Nominees" as stated in our By-Laws. This committee shall seek recommendations from the Board and from Management regarding candidates for its review and consideration. In addition, the Nominating and Governance Committee shall review and make recommendations to the Board whether members of the Board should stand for re-election. It shall consider matters relating to the retirement of Directors.
- c. Conduct appropriate inquiries into the qualifications of possible candidates as Directors, including without limitation as to interviewing candidates. The committee shall coordinate and assist management and the Board in recruiting new members to the Board.
- d. Review and make recommendations, as the Nominating and Governance Committee deems appropriate, regarding the composition and size of the Board in order to ensure the Board has the requisite expertise and its membership consists of persons with sufficient diversity.
- e. Review Director attendance at Board meetings, committee meetings and education sessions.
- f. Seek expressions of interest from Directors in respect of whether they wish to serve as an Officer, with the goal of identifying two potential candidates who are willing and able to be elected as Chair, Vice-Chair or Treasurer in the future.
- g. At least annually and as circumstances otherwise dictate, oversee the evaluation of the Board and Directors' contributions.
- h. Oversee an orientation program for new members of the Board and a continuing education program for all members of the Board.
- i. Ensure the currency of and monitor compliance with our code of conduct and ethics. In the event the committee determines that action may be required, it will refer the matter to the Board for appropriate action.

### 2. Committee Selection and Composition:

- a. Establish, monitor and recommend the purpose, structure and operations of the various committees of the Board as well as the qualifications and criteria for membership on each



- such committee and, as circumstances dictate, make any recommendations regarding periodic rotation of Directors among the committees and suggest any term limitations of service on any Board committee.
- b. As may be appropriate, review and make recommendations to the Board about the structure and functions as well as the creation of additional or the elimination of Board committees, after consultation with the respective committee chairs.
  - c. Recommend to the Board, the committee assignments, giving consideration to the criteria for service on each committee as set forth in the terms of reference for such committee, as well as to any factors the Nominating and Governance Committee deems relevant, and where appropriate, make recommendations regarding the removal of any member of any committee.
  - d. Based on the recommendations of the Board committee chairs, where applicable, recommend to the Board, the deputy chairs of committees.
3. Corporate Governance:
- a. Consider the adequacy of our By-Laws and our constituent documents and recommend modifications to the Board for adoption or, if required, amendment by the members at the next Annual Meeting.
  - b. Regularly review and recommend any proposed changes to the Board as it relates to corporate governance principles and guidelines as may be appropriate.
  - c. Review management's monitoring of compliance with our standards of corporate conduct, consider any requests for waivers of our codes of ethics by Directors or executive officers and review any material proposed transactions between our organization and our members, Directors or executive officers.
  - d. Recommend to the Board such additional actions related to corporate governance matters as the committee may deem necessary or advisable from time to time.

### Committee Performance:

This committee will perform an annual review and evaluation of the performance of this committee and its members, including a review of adherence to the terms of reference. The results of the assessment will be reported to the Board.

In addition, the committee will conduct an annual review to determine the relevance and effectiveness of its terms of reference and recommend to the Board any improvements the committee considers necessary or appropriate.

### Standing Agenda:

The committee will develop a standing agenda. The purpose is to identify annual priorities and tasks to perform in order to fulfill the mandate and duties of this committee.

#### January – March

- Initiate nomination and recruitment processes by identifying Directors due for reappointment or with maximum consecutive terms served.
- Identify the number of vacancies.
- Confirm approaches relating to reappointments and departures, keeping in mind Director competencies, attendance records and diversity requirements for the upcoming term.
- Solicit interest from Directors for an Officer position.
- Identify new candidates for the Board and provide specific areas of improvements sought to respect the diversity requirements for the upcoming term.



- Solicit expressions of interest from new candidates, review their applications and conduct any interviews.
- Review Board committees' purpose, structure and operations; bring forth to the Board recommendations as needed.
- Review adequacy of By-Laws.
- Review governance principals (i.e., governance manual) and compliance with our corporate conduct.
- Review the attendance record of Directors.

#### April – June

- Finalize the slate of nominees.
- Recommend the slate of nominees to the Board for approval, subject to the approval of the Organizational Members at the Annual Meeting.
- Initiate Board and Board committee performance evaluation processes.
- Review the attendance record of Directors.

#### July

- Identify Board committee participation for Directors based on skill sets and make approaches, including the Deputy Committee Chairs,

#### August

- Provide final slate to Board for review.

#### July – September

- Identify Board Advisors and make approaches.
- Compile Board performance evaluation forms and discuss summary results.

#### Fall, prior to first Board meeting

- New Directors orientation.

#### October – December

- Present summary results of the Board performance evaluation and recommendations for improvements, as needed, to the Board.
- Recommend the Board committee assignments to the Board for approval.
- Recommend the Board Advisors to the Board for approval.
- Send letters/emails to departing, new and reappointed Directors.
- Set annual objectives to include in a forward agenda.
- Update [Board Skills Matrix](#).
- Discuss Director competencies with Board and identify improvement areas to focus on for the next term.



## 5. Policies of the Board

### Net Asset Policy

#### Purpose/Objective of Policy:

The Net Asset Policy (“the Policy”) sets out the guidelines and standards for the creation and maintenance of net asset funds at the Canadian Chamber of Commerce (“the Chamber”, “the Organization”). The purpose of the Policy is to support effective governance regarding the duration of net asset funds to be used for several specific purposes, setting target balances and dates of funds, and ensuring the funds are being used when planned.

#### Definitions:

**Net book value of capital assets:** Cost less accumulated amortization of capital assets.

**Operating expenses:** Operating expenses consist of costs incurred by the Organization, except for any unrealized losses on investments.

**Invested in capital assets:** Calculated for presentation in the audited financial statements as net book value of capital assets less debt attributable to capital assets.

**Committed operating expenses:** Consists of salaries and benefits as well as rent (which are fixed monthly amounts that cannot be readily reduced by the Chamber in the short term) plus a portion of operating expenses required to keep the Canadian Chamber functioning (these amounts fluctuate monthly based on operating needs). Committed Expenses excludes variable expenses such as travel, events and projects, international dues as well as major portion of the total operating expenses which are discretionary in nature.

#### Net Asset Funds:

##### **Invested in Capital Assets Fund:**

Purpose of fund: This fund was established by the Board to present the amount invested in capital assets by the Organization.

Target balance of the fund: The balance of the fund represents the net book value of capital assets less any debt incurred for the purpose of funding capital assets.

##### **Contingency Reserve Fund:**

Purpose of fund: The fund was established by the Board to serve as a contingency for the Organization in the event of a large unforeseen and unbudgeted revenue shortfall, or expenditure not addressed with other funds.

The Organization’s objective is to maintain a balance equivalent to three months of committed operating expenses in the contingency reserve fund.

**Strategic Initiative Fund:**

Purpose of fund: This fund was established by the Board to fund the future costs associated with strategic initiatives.

The Organization's objective is to use these funds of \$900K to support strategic growth initiatives beyond normal operating expenses.

**Risk Management:**

The following are risks to be considered:

- Risk that the organization will not be able to fulfill obligations associated with financial liabilities and meet cash requirements on a timely basis;
- Risk that the organization will not have adequate funds available to take advantage of unexpected opportunities aligned to its strategic objectives and services to Members;
- Industry disruptions or restructurings that result in a significant decrease in corporate membership revenues;
- Loss of significant type of revenue, for example carnet revenue or sponsorship revenue;
- Significant downturn in the economy;
- Unanticipated costs incurred, for example triggered by cyber attack or requirement for purchase of new digitization software or equipment

**Review:**

The reassessment of the target value, target date and annual transfers within funds will be completed annually. The establishment of all funds, and any new funds on a go forward basis, will be approved by the Board. The use of established funds, and annual transfers between funds, except for the *Invested in Capital Assets Fund*, will be approved annually by the Finance and Audit Committee on behalf of the Board in conjunction with the approval of the annual audited financial statements process. This Policy should be reviewed by the Chamber at least every five years for its continued appropriateness for the Organization's goals, priorities and risks.

The annual budget process is to be used as the mechanism to ensure the Target Size is met. Attaining, maintaining or rebuilding to the Target Size should be considered a priority in the budget process, should the fund fall below the required minimum for any reason.



## Board Attendance Policy

September 2016

Pursuant to our By-Laws:

Any Director who fails to attend the requisite number of meetings or otherwise fails to meet the attendance standards mandated by the governance policies of the Corporation, set by the Board from time to time, shall be deemed to have resigned, unless otherwise determined by majority vote of the other Directors.

### Current Attendance Policy

The Board requires the active participation of all Directors. Accordingly, Directors are expected to attend all Board meetings, barring exceptional circumstances. Exceptional circumstances may include a conflict with a Director's organization's own Board meeting, leadership meetings requiring the presence of the Director, family matters or illness. It is the responsibility of the Director to inform the Board Secretary of the reason of the absence in advance of the meeting.

The Nominating and Governance Committee shall periodically review attendance records and refer instances of non-substantiated absences and numerous absences (three consecutive, justified or not) to the Chair of the Board. The Chair of the Board or their delegate will contact the Director to encourage attendance as well as to discuss the Director's circumstances, interest, commitment and explore options as required.

Only in circumstances where a Director is unresponsive to discussing their attendance record shall the Director be deemed to have resigned and before taking effect, such resignation shall be referred to the Board who may decide otherwise by a majority vote.

### Process

Under the guidance of the Chair of the Nominating and Governance Committee, an active communication process will be engaged with all Directors regarding the attendance policy and expectations, as follows:

- Prior to acceptance onto the Board, the prospective Director will receive the attendance policy directly from the Chair of the Nominating and Governance Committee or the Secretary of the Nominating and Governance Committee to ensure the candidate is fully aware of the expectations for attendance. The attendance expectation and policies will also be part of the direct communication with the new Director's mentor and included in the orientation session.
- Our President and CEO will send a congratulatory note to the new Director with the dates and locations of all up coming Board meetings and corporate events as well as a copy of the Board attendance policy.
- When a Director has failed to attend two Board meetings during the year without proper justification, the Chair of the Board or their delegate will directly contact the Director to encourage attendance.
- When a Director has failed to attend three consecutive, justified or not, Board meetings, the Chair of the Board or their delegate will directly contact the Director and determine a recommendation for the Board on continued Director status. At all times the Director will be encouraged to attend the following Board meetings.
- The unique circumstances of each case must be recognized, and the sensitivity to the sector, corporate situation and the diversity goals of our organization should be carefully



considered in any recommendations forwarded to the full Board. Our Membership and Services team will be a key communications and advisory partner in all recommendations.

- When making a recommendation to the Board on who will be responsible for removing Directors and recommending replacement Directors to the full Board, the Nominating and Governance Committee will also present possible alternative options prior to the vote.





## Board Diversity Policy

### Diversity, Equity and Inclusion Value Statement

Diversity, equity and inclusion are central and essential to fairness of opportunity, competitiveness of business, economic growth and our nation's prosperity.

We believe having varied genders, races, ages, origins, sexual orientation, cultures, beliefs, abilities, education and life experiences is our strength and the wellspring of creative ideas and perspectives to spur innovation and excellence. In the spirit of reconciliation, we also reaffirm our commitment to building respectful relationships that support Indigenous rights and improve business opportunities for Indigenous peoples.

These values guide how we govern and function as an organization; enable and expand opportunities and a sense of belonging for our employees; create value and serve our members, businesses of all sizes and sectors, and communities; and develop partnerships to make a meaningful impact for a vibrant society and a stronger, more competitive economy.

### Purpose and Principles

The Canadian Chamber of Commerce (the "Canadian Chamber ") believes in diversity and values the benefits that diversity can bring to its Board of Directors (the "Board"). Diversity promotes the inclusion of different perspectives and ideas, mitigates against groupthink and ensures the Canadian Chamber has the opportunity to benefit from all available talent. As more diverse boards have proven to lead to better business performance, so to a more diverse Board makes for better corporate governance for the Canadian Chamber.

### Board Composition

The Canadian Chamber seeks to maintain a Board and its committees comprised of talented and dedicated Directors with varied genders, races, ages, origins, orientations, cultures, beliefs, abilities, education and life experiences. The skills and backgrounds collectively represented on the Board and its committees should reflect the diverse nature of the Canadian population and business environment in which the Canadian Chamber operates.

Therefore, the Canadian Chamber will seek to maintain a Board on which women represent at least 40% of Directors, and to actively encourage the recruitment of Directors from diverse categories, such as Indigenous peoples, visible minorities and those with disabilities.

### Process

When assessing the Board and committee composition or identifying suitable candidates for appointment or re-election to the Board, the Canadian Chamber will consider candidates on merit against objective criteria having due regard to the benefits of diversity and the needs of the Board.

**Search Firm**

Any search firm engaged to assist the Board or a committee of the Board in identifying candidates for appointment to the Board will be specifically directed to seek qualified, diverse candidates.

**Review**

Periodically, the Board or a committee of the Board will review this policy and assess its effectiveness in promoting a diverse Board.



## Board Skills Matrix

### Key skills needed for good governance

- Strategy and growth
- Business and the economy
- Human resources, EDI, and leadership
- Marketing and communications
- Policy development and government relations
- Financial and audit
- Legal, regulatory, compliance
- ESG and sustainability
- Chamber network participation

### Areas of need for the Canadian Chamber of the future

- Business advisory experience
- Next generation leaders
- Entrepreneurs
- Digital business platforms and information economy
- Strategic partnership management
- Pan-Canadian

### Canadian Chamber's Board of Directors Diversity Policy

Target of a minimum of 40% women Directors, and to actively encourage the recruitment from diverse categories, such as Indigenous peoples, visible minorities and those with disabilities.



## Director Code of Conduct

1. All Directors shall govern themselves as Directors in accordance with their fiduciary duty to the Canadian Chamber, which is to act honestly and in good faith with a view to the best interests of the corporation.
2. All Directors shall maintain the highest standard of conduct, act with fairness, integrity and dignity and in a manner not detrimental to the interest of the public or to our organization.
3. Generally, Directors should be guided by the following rules and principles of business conduct, which shall serve as an ethical guideline for making business decisions on behalf of our organization.

All Directors shall:

- Support the objectives and uphold the reputation of our organization.
  - Abide by the laws, rules and regulations of Canada and any other country in which our organization conducts business.
  - Foster a safe working environment, free from discrimination, harassment or abuse.
  - Respect confidentiality obligations and privacy policies regarding personal/non-public information for all contacts.
  - Conduct all business transactions in a fair and open manner.
  - Maintain a non-partisan approach when acting on behalf of our organization.
  - Protect the assets (information, office equipment, supplies, facilities and services) of our organization and our Members.
  - Not accept payments or gifts, other than those given in the spirit of business courtesy.
  - Avoid conflicts of interest (situations where personal interests could conflict with duties and responsibilities or the interest of our organization as a whole) or the perception of such a conflict of interest and disclose any conflict of interest in accordance with the requirements of the Act, the By-Laws and our Conflict of Interest Policy.
  - Be honest and truthful in all business dealings.
  - Ensure the integrity of all books and records.
4. This Code of Conduct is supplemented by our governance policies of the Board.
  5. Should you have any questions or concerns regarding the application of this code of conduct, please contact our President and CEO.
  6. Alleged violations of this Code of Conduct shall be referred to the Nominating and Governance Committee for review, assessment and possible referral to the Board. Any Director may request that the Nominating and Governance Committee review an alleged violation of this Code of Conduct by a Director.
  7. If the Board determines that a Director has violated this Code of Conduct, the Board may recommend to the Members that such Director be removed.



## Risk Management Policy

### Risk Management

We take seriously our obligations to ensure material risks are identified, to ensure the implementation of systems to manage or eliminate those risks and to ensure those systems are regularly reviewed and updated. A material risk is defined as the chance of something happening, measured in terms of probability and impact, that may adversely affect the achievement of our strategic objectives.

Risk management applies to and will inform all of our activities, including developing our strategic plans, and, generally, in all decision-making processes.

The following describes our risk management principles applicable to all types of risk in all activities undertaken by or on behalf of the organization. It also outlines the risk management roles and responsibilities of the President and CEO, the Board and the Board committees.

### Duties and Responsibilities

The duties and responsibilities in the risk management process are shared among the President and CEO, the Board and the Board committees. Primary responsibility for our organization's risk management is vested in the President and CEO and overseen by the Board.

With respect to the committees' roles in risk management, the Board takes the lead in managing the process, but other committees are also assigned responsibility for particular areas of risk, and there may be areas of overlapping responsibilities where committees will be required to work together.

### President and CEO

The President and CEO is responsible for establishing processes, procedures and mechanisms by which key matters of financial and non-financial risk are identified and ensuring strategies are developed to manage such risks.

### Board

The Board has responsibility to:

- Understand the key financial and non-financial risks of our operations.
- Ensure, through regular reviews and assessments, management has established appropriate systems to manage these risks.
- Receive regular reports on the management of material risks to our organization.



## Board of Directors Reimbursement Policy

Approved March 27, 2024

### 1. Purpose

The directors and officers of the Canadian Chamber of Commerce recognize that they may be required to travel or incur other expenses from time to time to conduct Canadian Chamber business. The Board has approved this policy to document when Board Members can and cannot claim reimbursement of expenses from the Canadian Chamber and the nature of the expenses that can be claimed and reimbursed. The Canadian Chamber is a not-for-profit corporation funded by membership dues, and Board Members share the goal of the members to ensure that all expenses are reasonable, appropriate and in alignment with the fiduciary duty and the duty of stewardship of Board Members.

### 2. Board Travel Expenses

Normally the Canadian Chamber will not reimburse Board Members for expenses incurred in the performance of their duties, other than in respect of their attendance at meetings of the Canadian Chamber's Board or members. Where a Board Member or their employer can support all or part of the costs of the Board Member's attendance at such meetings, this is appreciated and allows the Canadian Chamber to allocate any savings to other activities or priorities.

In each year, the anticipated costs of Board Member attendance at meetings of the Board and members will be included in the annual budget of the Canadian Chamber. The Board will be charged with selecting the locations for such meetings and will do so based on (a) considering the purpose of the meeting; (b) cost efficiency for the Canadian Chamber as a not-for-profit corporation; and (c) the limits in the Budget.

### 3. Reimbursement of the Chair

Notwithstanding anything else herein, the Chair of the Board shall be reimbursed in respect of expenses they incur for attendance at events that they are asked to attend on behalf of or representing the Canadian Chamber.

### 4. Attendance at Canadian Chamber Events

Board Members will not be paid an honorarium or a fee for speaking at a Canadian Chamber event or at an event they are attending on behalf or as a representative of the Canadian Chamber; however, the costs of the Board Member attending such events may be reimbursed in accordance with this policy.

### 5. Per Diem

Board Members will receive a per diem for each full day spent travelling on pre-approved Canadian Chamber business and half of the full day per diem for a partial day. The amount of the per diem will be the then-current amount as set out in the CRA Directive on Travel. This per diem is provided instead of reimbursement for the costs of meals, incidentals,



parking/tolls and ground transportation, other than ground transportation to and from an airport or train station and the Board Member's lodging or the place where the Canadian Chamber business is taking place which shall be reimbursed in accordance with this policy.

## **6. Expenses in Respect of Travel**

### **Travel by Air:**

All reservations should be made as far in advance as possible so that the costs to the Canadian Chamber are as low as possible and should be booked at the economy or coach level. The Canadian Chamber does not reimburse expenses for business class or first-class travel and will reimburse only the cost of the lowest economy/coach class fare available for direct, non-stop flights from the airport nearest the individual's home or office to the airport nearest the destination. Fees related to upgrades, priority boarding, extra baggage or preferred seating cannot be reimbursed.

### **Travel by Rail:**

All reservations should be made as far in advance as possible so that the costs to the Canadian Chamber are as low as possible. Board Members may book first class or business class when travelling by rail in Canada.

### **Ground Transportation:**

Where a Board Member is receiving a per diem from the Canadian Chamber in respect of a day of travel, they cannot claim reimbursement in respect of any costs of ground transportation, parking, or tolls in respect of that day, other than travel to and from an airport or train station and the Board Member's lodging or the place where the Canadian Chamber business is taking place.

### **Personal Vehicles:**

Board Members are compensated for use of their personal cars when used for Canadian Chamber business, at the CRA Kilometric Rates in place at the time of the travel. Where a Board Member uses their personal vehicle for a trip that would normally be made by air, rail or bus, the total reimbursement will not exceed the amount of the lowest available round-trip fare for such trip using air, rail, or bus. Any use of rental cars must be pre-approved by the Canadian Chamber.

### **Parking and Tolls**

The costs of parking and toll expenses, including charges for hotel parking, will be reimbursed when the Board Member is not receiving a per diem in respect of the day of travel on which the cost was incurred. The costs of parking tickets, fines, car washes, valet service, or any other similar services will not be reimbursed.



## **7. Cost of Lodging**

The Canadian Chamber will reimburse Board Members for the costs of lodging only where the Canadian Chamber has not arranged for lodging directly for the Board Member. If the Canadian Chamber has arranged for lodging for the Board Member and the Board Member chooses to stay elsewhere, the Canadian Chamber will only reimburse the Board Member for costs that are equal or less than would have been incurred if the Board Member stayed at the Canadian Chamber selected lodging, including as to the costs of ground travel to and from the lodging, any Canadian Chamber events and the airport or train station if applicable.

Where a Board Member is arranging their own lodging while conducting Canadian Chamber business, the Canadian Chamber will reimburse the Board Member at a single room rate for the reasonable cost of hotel accommodations to a maximum of \$500 per night. Convenience, the cost of staying in the city in which the lodging is located, and proximity to other venues on the Board Member's itinerary shall be considered in determining reasonableness.

## **8. Expenses That Are Not Reimbursable**

Expenses that are not reimbursable unless specifically authorized herein include, but are not limited to: travel insurance, first class tickets or upgrades, limousine travel, movies, liquor or bar costs, rental or purchase of golf clubs or any other sporting equipment, spa, hairstyling, barber or exercise charges, costs of kenneling animals, clothing purchases, laundry costs, valet service, car washes, toiletry articles, and the costs of parking or driving violations.

The costs of telephone calls or sending faxes will only be reimbursed if same are directly related to the business of the Canadian Chamber.

Where a Board Member is incorporating personal travel or business into a Canadian Chamber related trip the Canadian Chamber will only provide reimbursement in respect of expenses related to the business portion of the trip.

## **9. Benefits/Reward Points**

Board Members traveling on behalf of the Canadian Chamber may accept and retain reward benefits of a non-cash nature, including frequent flyer miles or points for their personal use, but cannot alter travel plans or use alternative service providers at a higher cost to accumulate such benefits.

## **10. Special Circumstances Requiring Board Approval**

In respect of Board Member expenses that are not contemplated in the annual Budget nor in this policy and that the Board wishes to consider in special circumstances, all such expenses must be approved by the Finance & Audit Committee and the Board in advance of being incurred.





## **11. How to Claim Expenses**

Where the Canadian Chamber is providing a per diem, the Board Member does not need to provide receipts in respect of costs incurred that are reimbursed by way of the per diem.

In respect of all other costs or expenses for which the Board Member seeks reimbursement they must provide receipts for same, and these receipts must include both the original receipt setting out the expenses incurred and the credit card or cash register receipt showing the final payment. Receipts must be original vendor receipts (not credit card receipts or statements) showing the vendor's name, a description of the services provided, the date, and the total expenses, including tips (if applicable).

In addition, the Board Member must provide detailed documentation in respect of any expenses, including: the Canadian Chamber trip or event in respect of which the expense was incurred and an itemized list of all expenses claimed in respect of same (the date and place it was incurred, the nature of expense and, where applicable, the names, titles, and corporate affiliation of those entertained by the Board Member). The Board Member should submit these details using the Canadian Chamber's form for same, if applicable. All claims for reimbursement should be submitted to the Canadian Chamber within 30 days of being incurred.



## Working Capital Investment Policy

Adopted: March 4, 2014

### 1. Governing Authority

Board of Directors resolution, March 4, 2014 (attached as Appendix A)

RESOLVED that the President and Chief Executive Officer is authorized to invest the cash of and held by the Canadian Chamber of Commerce (“Chamber”) in investment vehicles as permitted by law, the cash to include but not be limited to working capital, operating reserves, and capital reserves.

#### Definition of Working Capital

“Working Capital” is the operating liquidity available to the Chamber to meet financial obligations. The operating liquidity of the Chamber is derived from ongoing operations, a contingency fund (a fund intended to address short term catastrophic cash short falls or unforeseen cash expenses), and fund arising from the issuance of ATA carnet in Canada. The initials “ATA” are an acronym for the French and English words “Admission Temporaire/Temporary Admission”. The ATA carnet is an international customs document that facilitates the temporary importation of goods into foreign countries, free of duties and taxes. Like a passport, it is presented to foreign customs upon entry and exit. As the Canadian national guaranteeing association, the Chamber requires a security deposit equal to 40% of the shipment value (a minimum value of \$250). The security deposit goes towards covering any potential foreign customs claims, resulting from the improper use of the CARNET. Acceptable forms of security include cash, a certified cheque/money order, bank letter of credit or surety bond. The security deposit is returned (in full or in part) or cancelled once the CARNETS have been returned to the Chamber and sufficient proof is produced that all the goods have been re-exported. The funds received as carnet security deposits are reflected as a liability in the financial statements. Requests to return funds supporting the issue of a carnet are often with little notice and are unpredictable.

The Chamber’s investment program shall be operated in conformance with applicable federal and other legal requirements.

### 2. Scope

The purpose of this policy is to set forth the investment and operational policies for the Chamber’s Working Capital Funds.

The Chamber will consolidate cash and reserve balances to optimize Chamber liquidity management and investment earnings and to increase efficiencies with regard to investment pricing, and administration.

### 3. General Objectives & Investment Guidelines

The primary objectives of the policy are to set investment parameters, establish limits consistent with the Chamber’s risk tolerance, and provide appropriate benchmarks for performance.



**Tier Structure:** For purposes of this policy, the Chamber's Working Capital Funds shall be divided into two (2) Tiers based on expected liquidity needs and return objectives. Investment activities for all Tiers shall be guided by the objectives of safety, liquidity and return. The priority of these objectives will vary based on Tier as described below.

1. **Safety:** Safety of principal is an important objective of the Chamber's investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio by mitigating credit risk and interest rate risk.
2. **Liquidity:** The investment portfolio shall remain sufficiently liquid to meet all disbursement requirements that may be reasonably anticipated in the Tier.
3. **Return:** The investment portfolios shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles. Performance objectives will be established for each Tier consistent with stated objectives.

**Tier 1:** The Chamber's cash and short-term investments shall be categorized as the Tier 1 Portfolio. Because of the difficulties inherent in accurately forecasting cash flow requirements, a portion of this portfolio shall be invested in readily available funds such as money market mutual funds, bank deposits, short term bonds and coupons to ensure that appropriate liquidity is maintained to meet the Chamber's obligations. Safety and liquidity are the primary objectives of this Tier.

**Tier 2:** The Tier 2 Portfolio represents Working Capital Funds that do not need to be readily available to meet the Chamber's operating needs. These funds are available for intermediate-term and long-term investment. Safety and return are the primary objectives of this Tier.

The Chamber's liquidity needs, cash forecast, and risk tolerance will be considered in determining what percentage of total working capital will be invested in Tier 1. Assets invested in Tier 2 are those assets typically not needed during the Chamber's annual operating cycle. Tier 2 assets are typically those assets which may be needed over a 1-5 year time frame or are held in reserve for the purposes of addressing a potential future unbudgeted shortfall in working capital. The Allocation of Working Capital among the two tiers will be monitored regularly and reported annually to the Finance Committee of the Board of Directors ("Finance Committee") and annually by the President and Chief Executive Officer of the Chamber to the Board of Directors.

#### 4. Standards of Care

1. **Prudence:** The standard shall be the "prudent person" standard, except as may otherwise be prescribed by applicable laws or regulations now or in the future. Under the "prudent person" standard, investments shall be made with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

Chamber management acting in accordance with written procedures and this investment policy and exercising due diligence in good faith shall be relieved of personal



responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion.

2. **Ethics and Conflicts of Interest:** The Chamber's officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions.
3. **Delegation of Authority:** Authority to manage the investment program in accordance with this policy is granted to the Chamber President and Chief Executive Officer and Chief Financial Officer, who shall act and may further delegate in accordance with any procedures and internal controls for the operation of the investment program consistent with this investment policy. The Chamber President and Chief Executive Officer may make temporary exceptions to the investment policy in the event of significant market instability or a credit event that would require a significant reallocation of the portfolio in order to protect the safety and/or liquidity of the working capital portfolio. Any such exception to the investment policy will be reported immediately to the Chair of the Finance Committee and the Chair of the Board of Directors. Any temporary exception will remain in place until no later than the next meeting of the Finance Committee at which time the President and Chief Executive Officer will suggest a course of action with regard to the policy and seek input on and approval of such action by the Finance Committee.

## 5. Custody, Trust, and Controls

1. **Custody/Trust:** The Chamber will not take physical possession of investment securities. Securities will be held by an independent third-party custodian selected by the Chamber as evidenced by custody/trust receipts in the Chamber's name. The custody/trust institution shall annually provide a copy of their most recent report on internal controls.
2. **Internal Controls:** Chamber Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Chamber are protected from loss, theft, or misuse.

## 6. Authorized Investments

**Permitted investments:** The Chamber may invest in the following investment vehicles subject to diversification and maturity limitations for each Tier.

1. **Cash and Cash Equivalents and Short Term Investments:** Cash on hand and cash equivalents and short term investments, being any of the following instruments:
  - Government of Canada treasury bills, notes, debentures and any obligations unconditionally guaranteed by the federal government of Canada.
  - Provincial and municipal treasury bills, notes debentures and any obligations unconditionally guaranteed by the provincial and municipal governments of Canada carrying a R-1 (mid) rating from DBRS, and a long-term debt rating of BBB or higher by DBRS, Moody's or Standard & Poors.
  - Commercial paper and corporate bonds issued by a Canadian corporation carrying a commercial paper rating of R-1 (mid) from DBRS, and a long-term debt rating of BBB or higher by DBRS, Moody's or Standard & Poors.



- Treasury bills, notes or bonds and any obligations unconditionally guaranteed by a Canadian government, carrying a R-1 (mid) rating from DBRS, and a long-term debt rating of BBB or higher by DBRS, Moody's or Standard & Pools.
- Bankers Acceptances, Certificates of Deposit and similar instruments issued by a Canadian bank, carrying a commercial paper rating of R-1 (mid) from DBRS, and a long-term debt rating of BBB or higher by DBRS, Moody's or Standard & Pools.
- Mutual Funds, Pooled or exchange traded funds investing in the above noted securities.

**2. Bonds:** Permitted fixed income investments include:

- Government of Canada treasury bills, bonds, stripped coupons and residuals and NHA guaranteed mortgage-backed securities as well as any other debt obligations unconditionally guaranteed by the federal government of Canada.
- Provincial and municipal treasury bills, notes, bonds, stripped coupons, debentures and any obligations unconditionally guaranteed by the provincial and municipal governments of Canada provided that such instruments, at the time of purchase, carry a long-term debt rating of BBB or higher by DBRS, Moody's or Standard & Pools.
- Bonds, notes, certificates of deposit, bankers' acceptances and similar instruments issued by a Canadian bank provided that such instruments, at the time of purchase, carry a long-term debt rating of BBB or higher by DBRS, Moody's or Standard & Pools.
- Bonds, debentures and commercial paper issued by a Canadian corporation provided that at the time of purchase, such instruments carry a long-term debt rating of BBB or higher by DBRS, Moody's or Standard & Pools.
- Mutual Funds, Pooled and exchange traded funds investing in the above noted securities.
- Bank Asset-backed commercial paper (Bank Schedule 1 only), and commercial mortgage-backed securities carrying a rating of AA or higher by DBRS, CBRS, Moody's or Standard & Pools.
- Treasury bills, notes, or bonds and any obligations unconditionally guaranteed by a Canadian government provided that such instruments, at the time of purchase, carry a long-term debt rating of BBB or higher by DBRS, Moody's or Standard & Pools.
- All investments shall be reasonably liquid (i.e., in normal circumstances they should be capable of liquidation within 3 months).

**3. Pooled Funds**

- Canadian balanced concentrated portfolio, which will hold large capitalized Canadian dividend paying corporations and income trusts, and fixed income securities such as preferred shares, government and corporate debt instruments, debentures and notes.

**7. Portfolio Risk Management**

The Chamber evaluates the following primary risks as part of its investment management:



1. **Interest Rate Risk:** To manage the impact of interest and market conditions on the market value and cash flows of the Working Capital Funds, the duration and maximum maturity will be limited by Portfolio Tier.

Tier 1: Maximum duration of 9 months, maximum maturity of 2 years

Tier 2: Maximum duration of 3 years, maximum maturity of less than 6 years

2. **Credit Risk:** The Chamber will invest Tier 1 and 2 Portfolios in securities with minimum ratings mentioned in Section VI. In the event of a split rating, the lowest rating should be considered when determining the appropriate rating category.
3. **Liquidity Risk:** The Chamber assesses its need for liquidity by (a) using its cash flow forecast to predict liquidity needs for the Tier 1 Portfolio and (b) by providing for sufficient liquidity to support outstanding debt as prescribed by the rating agencies.

## 8. Investment Parameters & Diversification

The Chambers' investments shall be diversified by security type and institution. Concentrations in individual securities, industries and economic sectors should not be so high as to subject the Chamber to undue risk.

**Portfolio Diversification:** The maximum percentage of the asset allocation and issuer limit permitted in each eligible security shall be as follows:

	Tier 1 Portfolio	Tier 2 Portfolio
Government of Canada/Government of Canada guaranteed	100%/100%	100%/100%
Provincial Government/Provincial Government guaranteed	100%/20%	100%/20%
Bank Deposits/GIC	70%/20%	70%/20%
Negotiable Certificates of Deposit and Bank Deposit Notes	25%/10%	25%/10%
Bankers' Acceptances	40%/10%	40%/10%
Corporate Debt Obligations	80%/10%	80%/10%
Commercial Paper	40%/10%	40%/10%
Municipal Obligations	30%/10%	30%/10%
Money Market Mutual Funds	100%/20%	N/A
Exchange Traded Funds	n/a	50%/20%
Managed Pools Balanced Mutual Funds	N/A	10%/10%

The sector and issuer limits shall be applied to each Portfolio at the date of acquisition.

**Subsequent Events:** The limitations established by this Investment Policy will apply at the



time a security is purchased and will be based on the then-current book value. Should a subsequent event cause a security or the investment portfolio to no longer meet the specifications of the Investment Policy, the Chief Financial Officer for the Chamber will determine the appropriate course of action and report such actions to the President and Chief Executive Officer in the next regular monthly report. There is no requirement that a security be sold prior to maturity if it no longer meets the criteria set forth in this Investment Policy. Further, any security held by the Chamber at the time this Investment Policy was adopted may be held to its maturity.

## **9. Selection of Broker/Dealers, Investment Managers and Depository Banks**

In Canada, regulation of the securities industry is carried out by provincial securities commissions and self-regulatory organizations, which include the Investment Industry Regulatory Organization of Canada (IIROC). IIROC was created in 2008 through a consolidation of the Investment Dealers Association of Canada (IDA) and Market Regulation Services Inc.

Each province has government bodies — securities commissions or administrators — that oversee a provincial Securities Act. This act provides a set of laws and regulations which outline what participants in the market can do. The securities commissions delegate certain aspects of securities regulation to the Investment Industry Regulatory Organization of Canada.

The IIROC is Canada's primary regulator of the fixed income (e.g. T-bills, bonds and debentures) and equity (e.g. stock) markets. IIROC sets high quality regulatory and investment industry standards, protects investors and strengthens market integrity while maintaining efficient and competitive capital markets.

**Selection of Broker/Dealers and Investment Managers** In order to qualify for investment transactions, the firm must be a Canadian Chartered Bank includes Mouvement des caisses Desjardins or a Life Insurance company or a Credit Union, a member in good standing of the Investment Industry Regulatory Organization of Canada, and a member in good standing of the Canadian Chamber.

All broker/dealers, investment managers and their affiliates who desire to provide investment services to the Chamber shall be provided with current copies of this investment policy. Before an organization, or its affiliates, can provide investment services to the Chamber, it must confirm in writing that it has received and reviewed this investment policy and is able to comply with it.

Broker/dealers, investment managers and their affiliates, shall supply the Chamber with information sufficient to adequately evaluate their financial capacity and creditworthiness. The following information shall be provided:

- audited financial statements;
- regulatory reports on financial condition;
- proof of appropriate certification and registration;
- any additional information requested by the Chamber in evaluating the creditworthiness of the institution.



A review of the performance of the Broker/Dealers and Investment Managers shall be performed by the Finance Committee annually to ensure due diligence is completed relative to the individual and firm as well as historical performance net of fees against portfolio benchmarks as detailed in section 11.

## 10. Prohibited Investments and Investment Practices

The Chamber is expressly prohibited from the following investments and investment practices in the Tier 1 and Tier 2 Portfolios:

1. Borrowing funds for the sole purpose of reinvesting the proceeds of such borrowing;
2. Short sales (selling a specific security before it has been legally purchased);
3. Pair-offs (buying a security and selling it before the settlement date);
4. Speculative trading (repetitive buying and selling of the same or similar securities for the purpose of capital gains);
5. Investment in complex derivatives
6. Investment in collateralized mortgage obligations; and
7. Investing in any security not specifically permitted by this Policy.

## 11. Portfolio Benchmarks

The Working Capital Fund will be designed to obtain at least a market level rate of return, given budgetary and economic cycles, commensurate with the Chamber's investment risk and cash flow needs. The portfolio management approach will be active, allowing periodic restructuring of the investment portfolio to take advantage of current and anticipated interest rate movements.

The returns on the Chamber's investments will be compared on an annual basis to benchmark with similar risk/return characteristics, net of fees.

The applicable benchmarks for each Portfolio Tiers are listed below:

<b>Fund</b>	<b>Benchmark</b>
Tier 1	Government of Canada (365) Treasury Bill Average
Tier 2	50 % Canadian Bonds (DEX 1-5 yr Laddered Govt
	50% Corporate Bond Index (DEX 1-5 Laddered Corp

A copy of this policy and related procedures manual will be placed on file in the Chamber's Finance Department.





## **Appendix A:**

**Board of Directors resolution,**

**MOTION:** It was moved by Pat Horgan and seconded by Michael Murphy to accept the recommendations and adopt the Working Capital Investment Policy. This motion was carried unanimously.

### **BOARD MEETING:**

**March 4, 2014**

**7:30 a.m. to 12:00 noon**

**Hilton London, 300 King Street**

**London, Ontario**

**MOTION:** It was moved by Martine Irman and seconded by Ginny Flood to accept the recommendations brought forth by the Finance and Audit Committee to make the changes\* to the Working Capital Investment Policy. This motion was carried unanimously.

### **BOARD MEETING:**

**June 13, 2016**

**7:30 a.m. to 12:00 noon**

**Deloitte's Headquarters**

**Montreal, Quebec**

\*The changes are as follows to allow for greater flexibility to maximize returns:

- Increase the issuer limit permitted for GICs from 10% to 20% for six major banks;
- Increase the maximum maturity for investments from "five years" to "less than six years".



## Recruitment and Succession Policy (Board of Directors)

1. **Application of this Policy:** This policy applies to the recruitment and selection of the Directors on the Board, the Officers, members of committees of the Board (“**Committee Member(s)**”) and chairs and deputy chairs of such committees (the “**Committee Chairs and Deputy Chairs**”), unless otherwise set out in the terms of reference for a committee.
2. **Purpose of this Policy:** The purpose of this Policy is to create a process for the recruitment and selection of the roles noted above.
3. **Process for Selection of Nominees for Director:**
  - a. In each year, the Nominating and Governance Committee of the Board shall, in accordance with its Terms of Reference and any direction it receives from the Board:
    - i. determine the number of Directors that are needed for the Board for the upcoming year, within the range of ten (10) to twenty (20) Directors set out in the Articles;
    - ii. determine the number and nature of upcoming vacancies in the roles of Directors and Officers that will require election at the Annual Meeting, including in respect of upcoming needs regarding Officers, Committee Members, Committee Chairs and Deputy Committee Chairs and with consideration of the [Board Skills Matrix](#), regionality, sectoral representation, Chamber Network experience and the Chamber’s [Board Diversity Policy](#);
    - iii. determine whether or not Directors currently sitting on the Board who are eligible for re-election should be included on the slate for re-election;
    - iv. bring a report to the Board regarding same for approval by the Board.
  - b. Following Board approval of the above, the Nominating and Governance Committee shall seek recommendations from the Board and from Management regarding candidates for its review and consideration. The candidates so identified are the “**Candidate Pool**”.
  - c. The Nominating and Governance Committee shall follow the process to review the Candidate Pool and determine the slate, as set out in its Terms of Reference and in accordance with the Board Skills Matrix and any direction it receives from the Board, including without limitation as to interviewing the Candidate Pool.
  - d. The Nominating and Governance Committee shall determine the slate from among the Candidate Pool and put the slate before the Board for review and approval. On approval of the slate by the Board, it shall be placed before the Organizational Members for review and approval at the Annual Meeting.
4. **Process for Selection of Nominees for Officers:**

In each year, the Nominating and Governance Committee shall seek expressions of interest from Directors in respect of whether they wish to serve as an Officer, with the goal of identifying a



potential candidate who is willing and able be elected as Chair, Vice-Chair or Treasurer in the future. The purpose of this process is not to identify nominees for the Officer slate in the immediately following election, but to identify potential nominees who may be willing to serve in the future, including in the event of a vacancy in those roles. The Nominating and Governance Committee will report to the Board on this process, including as to the identity of the potential nominees, but this report will not be presented to the Members at the Annual Meeting.

The Board may elect the individual who most recently served as Chair to the office of Past-Chair, for a maximum term of two (2) years. If so elected, the Past-Chair will not be entitled to vote at meetings of the Board but shall serve as an advisor to the Board and have such duties as specified by the Board.

#### **5. Process for Selection of Nominees for Committee Members and Deputy Chairs:**

In each year, each committee of the Board shall in accordance with its Terms of Reference and any direction it receives from the Board determine the number of upcoming vacancies or needs in respect of Committee Members and report to the Nominating and Governance Committee in respect of same and in respect of whether a new Deputy Committee Chair is required. Following such review and report, the Nominating and Governance Committee shall follow the process to review candidates and determine the slate in respect of Board Committees and Deputy Committee Chairs, as set out in this Policy, its Terms of Reference and in accordance with any direction it receives from the Board, put the slate before the Board for review and approval. The final slate in respect of Committee Members, Committee Chairs and Deputy Chairs shall put before the Board for approval at the first meeting of the Board following the Annual Meeting. For further certainty, the Nominating and Governance Committee shall only consider Committee Members and Committee Chairs and Deputy Chairs from among the then-current Directors and the Candidate Pool.

#### **6. Process for Onboarding New Directors:**

It is important to establish a process for onboarding new Directors to ensure adequate orientation before participation in Board and committee meetings. This timing ensures a smooth transition for new Directors and allows time for Directors to familiarize themselves with our organization. Orientation sessions will be open to all Directors for the start of a new Board slate, and as needed for new Directors filling vacancies.

#### **7. Diversity of the Board and Board Committees:**

The Canadian Chamber seeks to maintain a Board and its committees comprised of talented and dedicated Directors with varied genders, races, ages, origins, orientations, cultures, beliefs, abilities, education and life experiences. The skills and backgrounds collectively represented on the Board and its committees should reflect the diverse nature of the Canadian population and business environment in which the Canadian Chamber operates. Therefore, the Canadian Chamber will seek to maintain a Board on which women represent at least 40% of directors, and to actively encourage the recruitment of directors from diverse categories, such as Indigenous peoples, visible minorities and those with disabilities.



## Conflict of Interest Policy (Board of Directors)

- 1. Application and Purpose of this Policy:** This policy applies to directors on the Board of Directors of the Canadian Chamber of Commerce (the “**Directors**” on the “**Board**” of the “**Canadian Chamber**”) and the officers of the Board (collectively hereinafter “**Board Members**”) in respect of all of their interactions with the Canadian Chamber, including without limitation in respect of meetings of the Board or a committee of the Board. The primary purpose of this Policy is to protect the interests of Canadian Chamber by ensuring the personal interests of Board Members do not interfere with their duties to the Canadian Chamber. In addition, adherence to this Policy will protect Board Members from violation of their fiduciary duties and possible liabilities related to same.
- 2. The Existence of a Conflict of Interest:** It is important to note that conflicts of interest will arise from time to time in the ordinary course and that the existence of a conflict is not an indication of wrong-doing on the behalf of the Board Member in conflict. The key concern regarding conflicts of interest is how such conflicts are managed and whether or not they are disclosed. Where a conflict of interest exists and is not disclosed and properly managed this is a violation of the fiduciary obligations of a Board Member to Canadian Chamber.
- 3. What is a Conflict of Interest?:** A conflict of interest is a situation where there could exist the fact, perception or risk that the judgment of an individual, or the fiduciary duty of such individual to the Canadian Chamber, could be influenced or appear to be influenced by: (a) their personal interests or the personal interests of their friends, family or business associates; (b) the interests of another entity in which they are involved, interested or to which they owe an obligation, including another organization they serve as a director or employee; or (c) any interest or relationship that is outside of the Canadian Chamber.

Note that a conflict of interest exists whether or not the individual believes that they will not be swayed by the competing interest because a conflict of interest does not only involve situations where an individual is influenced, but also scenarios where there is the *perception* of influence or a conflict.

Given the above, when considering whether a conflict of interest exists, Board Members should approach the analysis broadly - as there are many situations where a Board Member could find themselves in a situation of conflict and it is better to raise an issue for discussion to determine whether it is a conflict of interest, as opposed to assuming that no conflict exists.

In addition to the definition of conflict of interest above, the *Canada Not-for-Profit Corporations Act* (the “**Act**”) sets out certain situations where a Board Member will be in conflict and the required disclosure in respect of same, as follows:

141. (1) A director or an officer of a corporation shall disclose to the corporation, in writing or by requesting to have it entered in the minutes of meetings of directors or of committees of directors, the nature and extent of any interest that the director or officer has in a material contract or material transaction, whether made or proposed, with the corporation, if the director or officer: (a) is a party to the contract or transaction; (b) is a director or an officer, or an individual acting in a similar capacity, of a party to the contract or transaction; or (c) has a material interest in a party to the contract or transaction.



#### 4. Managing Conflicts of Interest

- a. **Disclosing the Conflict:** Both the common law and the Act require that a Board Member in conflict disclose the conflict on the earlier of (a) when the subject of the conflict is first discussed whether this is at a Board or committee meeting; or (b) as soon as the Board Member becomes aware of the conflict, including without limitation on receipt by the Board Member of materials for an upcoming Board or committee meeting.

This obligation to disclose is an ongoing obligation, meaning: if the issue is not the subject of a conflict when initially discussed, but later becomes the subject of a conflict, the Board Member is required to disclose the conflict immediately when they become aware of same.

For the protection of the Board Member in conflict, the Board Member must declare the conflict and request that the conflict be entered into the minutes of any meeting when the issue that is the subject of the conflict is discussed. Where the issue is discussed at multiple meetings, this declaration and insertion in the minutes should take place at each such meeting.

At the beginning of each meeting of the Board and committees, the Board Members shall be given an opportunity to declare any conflicts of interest (including without limitation the potential for perceived conflicts of interest) as to any matter to be discussed at the meeting or any matters that have come to the attention of the Board Members since the last Board meeting. In the event a conflict becomes apparent only at the time of a discussion during a meeting, the Board Member in question must declare the conflict at the time they become aware of the conflict. If a declaration is made at a committee meeting, it must be repeated at the next Board meeting to ensure disclosure to the full Board.

In each year at the first meeting of the Board following the annual meeting of Canadian Chamber, the Board Members shall complete a disclosure form regarding their activities and affiliations, conflicts of interest or potential conflicts of interest. The purposes of this disclosure form are to give Board Members an opportunity to declare potential or ongoing conflicts and to enable Canadian Chamber to be aware of any issues that may arise based on Board Member activities and affiliations.

- b. **Deemed Conflict:** In the event a Board Member does not identify or disclose a conflict of interest, the Board may, in its sole and absolute discretion, deem a Board Member to be in a conflict of interest and require the Board Member to take the steps outlined in this policy in respect of such conflict.
- c. **Abstaining from Voting on the Issue involving the Conflict:** Where the conflict is a conflict within the meaning of Article 141 of the Act, the Act requires that the Board Member in conflict not vote on the issue that is the subject of the conflict. Where the conflict is not addressed by the Act, the common law requires that a Board Member not vote on the issue that is the subject of the conflict. A Board Member precluded from voting on an issue by virtue of a conflict of interest shall not participate in the Board or committee discussion on such issue or move or second a motion thereon at a meeting of the Board or members.



- d. Attendance at Board Meetings while in Conflict:** Although not required by the Act, a Board Member shall step-out of a meeting where the issue on which there is a conflict is being discussed in order to avoid the perception of impropriety or influence. The fact that a Board Member in conflict has stepped out of the meeting should be recorded in the minutes of meeting. Where a Board Member discloses a conflict or the Board deems a director to be in conflict, the Board may also require the Board Member in conflict to leave a Board meeting while the issue on which the Board Member has a conflict is discussed. Where the Board does not require the Board Member to leave a Board meeting, such Board Member is entitled to attend the meeting and is still included in determining quorum.
- e. Avoiding the Perception of Influencing the Issue:** A Board Member in conflict must avoid discussing the issue of the conflict with other Board Members or those involved with Canadian Chamber (including without limitation volunteers and staff) to avoid the perception of attempting to influence the outcome of the issue.
- f. Records of Proceedings:** The minutes of the Board and all committees with Board-delegated powers shall contain the names of the persons who disclosed or otherwise were found to have a conflict of interest, the nature of the conflict of interest, any action taken to determine whether a conflict of interest was present, and any determination by the Board or committees to whether a conflict of interest in fact existed.

- 5. Directors Serving on Two Boards:** Where a Board Member is a director or officer of another corporation that is engaged with the Canadian Chamber or which may have competing or different interests from the Canadian Chamber, such Board Member may find themselves in conflict as to issues discussed at one or both Board tables. The fact that the Board Member is a director/officer of both organizations does nothing to derogate from the obligations of a Board Member to either entity. Board Members have a fiduciary duty to all the corporations they serve as directors or officers.

The same rules as to conflict of interest apply where the conflict is between the two corporations a Board Member serves, even if the corporations are friendly, related or linked. The Board Member must declare a conflict in respect of an issue involving both corporations they serve and cannot choose to participate in respect of one and declare a conflict in respect of the other. The courts have held that a director that if the interests of two corporations of which a person is a director or officer conflict on a particular matter, the Board Member must recuse themselves for participating on both Boards on the issue concerned.

- 6. Directors with Employment Obligations:** Where a Board Member is an employee of a corporation that may have competing or different interests from those of Canadian Chamber, similar issues may arise with a Board Member who is a director/officer of two corporations. As with the above, the fact that a Board Member serves both organizations does nothing to derogate from the obligations of the individual to either entity. While not all employment roles may involve fiduciary obligations to the employer, the existence of the employment role can still create a conflict in respect of business before the Board, as the Board Member in question may still benefit from a matter that involves their employer.

As with the above, the same rules as to conflict of interest apply where the conflict is between the two corporations a Board Member serves, even if the corporations are friendly, related or linked - the Board Member must declare a conflict at the Board level and must recuse



themselves from any employer obligations that may create a conflict in respect of the Canadian Chamber.

7. **Violations of this Policy:** In the event that the Board believes that a Board Member has violated this Policy, it shall be reviewed in accordance with the procedures set out in the Code of Conduct for violations of same. In the event that following such review, the Board determines that a Board Member has violated this Policy, the Board may call a special meeting of members and recommend removal of the Board Member.



## 6. The Role of Directors and the Board

The primary responsibility and role of a Director is to act honestly and in good faith with a view to the best interests of the Canadian Chamber. This means that a Director must consider and make all decisions through that lens. The Board is governing body of the Canadian Chamber and exercises all decision-making power other than in areas where they have delegated such authority to an employee, an Officer or a committee of Directors. This authority of the Board is exercised as a collective, meaning that individual Directors have only the authority delegated to them by the Board.

The Board of the Canadian Chamber is a governance board, meaning that it is not charged with operational matters — operational matters are delegated to the President and CEO, who in turn delegates as appropriate to Canadian Chamber staff.

This fiduciary duty of Directors includes the following duties:

### Duty of Care

A Director has a duty to act in accordance with a minimum standard of care and might incur personal liability where the conduct falls short of this criterion. In our case, this is a statutory standard of care which is expressed as when exercising powers and discharging duties, shall “exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.” This is the standard applicable to a Director’s fiduciary duty.

The Duty of Care means that is expected that a Director will (a) act honestly and in good faith with a view to the best interests of the organization; and (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances in exercising their powers and performing their duties as a Director.

### Duty of Confidentiality

Directors must, at all times, respect the confidentiality of all matters put before the Board, including as to our Members, personnel and any other matters specifically determined by Board motion to be matters of confidence, including matters dealt with during in-camera meetings of the Board. Confidentiality means Directors may not share any documents, correspondence or discussion about such matters with anyone, including immediate family members, their employer or another organization they serve as a Director — unless the Canadian Chamber or the Board has specifically determined that the information in question can be disclosed or discussed. The duty of confidentiality continues indefinitely after a Director has left the Board.

### Duty of Knowledge

A Director of any corporation, for-profit or non-profit, must have a basic knowledge of the organization. At a minimum, all Directors should make it their business to be aware of the requirements of the internal governance mechanisms by which the Board operates — in our case, the Canada Not-for-profit Corporations Act and our By-Laws and policies. Similarly, all Directors must understand what our organization does in practice and how we put our purposes into action.

The orientation of all new Directors is considered a fundamental prerequisite to full participation in the processes of the Board. We begin our orientation at the moment each Director is nominated





through the provision of background information. In addition, an orientation session — in person or through digital channels — is held annually. Directors must consider that the duties of their office include an obligation to review, at least annually, the mission, vision and objectives of our organization to ensure they remain consistent to the objects of our organization as set out in our By-Laws.

## Duty of Diligence

To discharge this duty, Directors must act in our organization's best interests and must make it their job to be as fully informed as reasonably possible with respect to all aspects of our work. As such, Directors are accountable to the Canadian Chamber and must act prudently and reasonably in attempting to preserve its integrity and reputation.

On a practical level, the duty of diligence involves becoming thoroughly acquainted with our purpose and policies as well as what tasks are delegated and to whom and having a general awareness of the operations of the organization.

One of the most significant parts of this duty requires a Director generally to exercise the level of care that a reasonably prudent person would exercise in comparable circumstances for the following purposes:

- To review the agenda and related material in advance of each meeting. (In practice, the dates and locations are confirmed and advertised some 12 months in advance. The working documentation for each Board meeting is customarily made available to all Directors in advance of meetings.)
- To attend meetings of the Board and committees to which they may be appointed. (At the beginning of each term, all Directors are assigned to at least one committee of the Board and are encouraged to accept additional responsibilities.)
- To be ready to discuss the business before the meeting in a prepared and knowledgeable way.
- To vote — unless excluded by reason of conflict of interest or other prohibition — on matters that come before the meeting.

If attendance at a meeting is not possible, a Director should review the minutes of the meeting, the financial statements and other documents in order to stay informed.

The Board requires the active participation of all Directors. Accordingly, Directors are expected to attend all Board meetings, barring exceptional circumstances. Exceptional circumstances may include a conflict with a Director's organization's own Board meeting, leadership meetings requiring the presence of the Director, family matters or illness. It is the responsibility of the Director to inform the Secretary of the reason of the absence in advance of the meeting.

Accordingly, as a matter of Board policy, it has been agreed that, the Secretary shall keep attendance records. The Nominating and Governance Committee will periodically review attendance records and refer instances of non-substantiated absences and numerous absences (three consecutive, justified or not) to the Chair of the Board. The Chair of the Board or their delegate will contact the Director to encourage attendance as well as to discuss the Director's circumstances, interest, commitment and explore options as required.



## Duty to Manage

In broad terms, Directors have the duty to oversee the management of our organization's affairs and to comply with the Act, our Articles and our By-Laws. There is a distinction, clearly delineated, between the duties and obligations of Directors and those of our staff. Directors are responsible for establishing the strategic plan, policies and goals of the corporation. Some of this work may be performed via committees of the Board, and Directors are encouraged to participate and share their expertise both at the Board and committee levels.

Directors' relationships with our management and staff are maintained through our President and CEO. Neither individual Directors nor the Board has the authority to instruct staff as this is the purview of the President and CEO.

Directors are not authorized to speak officially for the Canadian Chamber, except on those items upon which we have formulated and approved a policy and where same is approved in advance. Directors should defend our organization from unjust criticism or bring to the attention of the Board such criticisms as are judged to be justified. If approached by the news media for a statement on behalf of the organization, Directors should refer to the Chair or the President and CEO for guidance. We are a non-partisan organization.

## Duty to Avoid Conflicts of Interest

Directors of non-profit organizations, such as the Canadian Chamber, are held to strict standards of honesty and loyalty and are required to avoid situations involving a conflict between their personal interest and those of the organization. In particular, Directors are precluded from using corporate property for personal benefit and from appropriating a business opportunity properly belonging to the organization. In addition, a Director is not allowed to directly or indirectly receive any benefit or payment from the Canadian Chamber. The pecuniary interests of immediate family members or close personal or business associates of a Director are considered to also be the pecuniary interests of the Director. Fiduciary obligation can generally be discharged by complying with section 141 of the Canada Not-for-profit Corporations Act, which states that a Director must disclose their interest in a contract with the organization at the first Board meeting at which the possibility of entering into the contract is considered and must subsequently refrain from voting. Directors must also comply with the requirements of our Conflict of Interest Policy.

## Duty to Avoid Anti-competitive Conduct

Most of the functions and activities of trade associations do not raise competition law issues. They are beneficial to the association's Members and can also benefit consumers at large by enhancing the efficiencies of the market system as a whole. At the same time, by bringing competitors together, trade associations may be used, directly or indirectly, to facilitate illegal agreements to restrain competition. That is why competition authorities, such as the Competition Bureau, pay close attention to trade association activities. In view of the potential risks involved, Directors must not become involved in any communications or agreements that might give rise to concerns under the Competition Act while they are attending Canadian Chamber functions, including meetings of the Board, Board committees and policy committees and working groups. In addition, it is the obligation of Directors to ensure they do not engage in any other contacts outside of the formal meetings that could create issues. For example, Directors should NOT discuss with competitors any sensitive topics such as pricing, markets, customers, suppliers, future strategies and so on. Any questions regarding specific issues should be discussed with the President and CEO.



## Duty to Act Within the Scope of Authority

It is vital that Directors understand both the scope of their own authority and that of the Canadian Chamber. Generally speaking, a combination of the Act, Articles, By-Laws, policies and resolutions of the membership and the Board outline the organization's permitted activities as well as the authority of individual Directors.

## Liability of Directors

Directors and officers of non-profit organizations are generally subject to the same liabilities imposed on management of commercial organizations. Directors are responsible for ensuring we comply with applicable laws, our articles, our By-Laws and applicable resolutions of the Board and of Members. As in commercial corporations, non-profit Directors and Officers should ensure they are familiar with the liabilities that can be imposed under employment, environmental and financial reporting law as well as under the withholding provisions of taxation law.

Personal liability can attach to any Director whenever they, by conscious action or by neglect, permit the organization to carry on activities that are ultra vires of the Act, Articles or By-Laws. A Director may also incur liability when they act outside the scope of the authority granted to Directors in our By-Laws or policies.

Avoidance of personal liability in these situations is simple and straightforward. The Director should oppose the action in question at the meeting at which the action is authorized by the Board (or, if they are not present, at the first meeting attended thereafter) and should demand that their opposition be recorded in the minutes at which the dissent is made.

Various statutes oblige the Canadian Chamber, like for-profit organizations, to file annual returns and to collect and remit payroll deductions and taxes. Our Treasurer and Finance and Audit Committee exercise due diligence in this area on behalf of the Directors and submit regularly to the Board certificates of compliance related thereto.

In addition to encouraging Directors to observe appropriate standards of care, we have taken steps to minimize the exposure of Directors to legal liability. We maintain Directors' liability insurance in the amount of \$3 million for the Board as a whole, which pays the premiums on the Directors' behalf. Directors and their heirs, executors, administrators, estate and effects shall also be indemnified according to our By-Laws.