



Board Governance Policy

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Executive

Board Governance Policy

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2. Introduction

2.1 Policy statement

AMVIC's Board of Directors is responsible for ensuring the powers, duties and functions delegated to AMVIC are carried out appropriately and in accordance with the legislative framework governing AMVIC.

Running a successful organization requires teamwork. It is very important that all members of the team—management and the board—understand the role of governance and what it means to have a Board of Directors and “good governance” practices in place. More specifically, it is critical to know how to differentiate and optimize the role and contributions of a board and CEO in the achievement of a vision.

2.2 Purpose

The purpose of this policy is to:

- A. Define AMVIC's governance philosophy and approach.
- B. Translate individual and collective roles, responsibilities and accountabilities into value-adding governance practices and processes.
- C. Define the committee structure of the board and corresponding committee roles.
- D. Define the core processes of the board.

The Board Governance Policy is designed to complement the Mandate and Roles Document, the Public Agency Governance Policy, Bylaws and other policies that serve to define the board's role, responsibilities and structure. In particular, the Board Governance Policy is intended to describe the board's intent for and approach to ensure a high performing governance system.

2.3 Definitions

In this document:

- “AMVIC” means the Alberta Motor Vehicle Industry Council,
- “the board” means the AMVIC Board of Directors,
- “CEO” means the Chief Executive Officer of AMVIC,
- “chair” means the chairperson of the AMVIC Board of Directors,
- “FRM committee” means the board's Finance and Risk Management Committee,
- “GHR committee” means the board's Governance and Human Resources Committee,
- “Minister” means the Minister of Service Alberta,
- “MRD” means Mandate and Roles Document.

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3. Policy

3.1 Governance philosophy and approach

The following core governance principles underpin AMVIC's governance model:

- A strategically focused board is one that designs its role, structure, processes and competencies with the aim of creating a board that operates as a strategic board and not at an operational level.
- The value in a board is in its people and an ongoing commitment to a system of performance. This implies that the board will pay careful attention to the human factors that contribute to the performance of the board (as a team) and its strategic decision making processes.
- Effective boards operate with a common perspective on roles, relationships and expectations among the participants in the governing system (e.g. board, management, staff). Care and attention to ensuring role clarity on an ongoing basis and to the behavioural expectations of the "players" in the governing system is essential to ensure accountability and drive performance of the organization.
- Information is the currency of good governance. Formal and effective processes for information sharing and decision making are essential. Creating an environment in which comprehensive information can be shared openly is equally important.
- Information symmetry across the board is an important element of governance effectiveness. All board directors should operate with the same set of "base information" achieved through effective committee reports and regular board communication from the chair or CEO.
- Directors execute their responsibilities by asking critical questions and through constructive dialogue – healthy skepticism is essential for the board to fulfill its fiduciary obligations.
- The board will and should evolve. Regular evaluation, reflection and turnover is a must to ensure the board is appropriately equipped to perform its role in an ever-evolving industry and society. The challenges and opportunities facing the organization will change, and the composition of the board will need to effectively adapt.

3.2 Individual and collective roles, responsibilities and accountabilities

3.2.1 Duties of board directors

AMVIC Bylaw 1 - Governance, Sections 3 and 5, outlines the duties of the board and executive positions.

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3.2.2 Role of the chair

Consistent with the roles and responsibilities of the chair defined in the MRD and AMVIC Bylaw 1 - Governance, the following describes how the board envisions the leadership role of the chair:

- i. Nominally operating as the “Chief Governing Officer”, a core responsibility of the chair is to foster a culture of leadership amongst the directors. The chair should guide and promote strategic discussions to advance the strategy of AMVIC. The chair is responsible for helping the board conclude its decisions and direction.
- ii. The chair acts as the conduit between the board and the CEO and ensures regular and effective communication occurs. This may take the form of a regular (e.g. bi-weekly or monthly) meeting.
- iii. With an objective of ensuring board meeting efficiency and effectiveness, the chair is responsible for the composition of meeting agendas. Board meeting agendas should be structured to advance the board’s strategic agenda (the arc of key strategic decisions) through a strategically-focused and effective meeting process.
- iv. The chair acts as the principal sounding board, counsellor and confidant for the CEO, including helping to review strategies, define issues, challenge thinking, maintain accountability, and build necessary relationships.
- v. Develops working relationships with the Minister characterized by alignment, transparency and trust.
- vi. Holds the board accountable for its collective performance and behaviour.

3.2.3 Board culture and norms

The culture of the board is regarded as an important component of the functioning of the board. The board is committed to operating consistently with the following norms, values and principles:

- i. Directors will think, act and operate in the best interest of AMVIC.
- ii. Directors will engage in thoughtful, strategic discussions focused on understanding or clarifying intent. Questions and comments should be aimed at understanding risk and opportunity and supporting thoughtful approaches to realize the AMVIC mandate.
- iii. Directors will listen actively, encourage and respect diverse points of view, collaborate, and look for win-win solutions where possible.
- iv. Directors will show commitment by making reasonable efforts to attend planned meetings with their preparation and research completed.
- v. Directors will view constructive disagreement and discussion as positive and necessary; and seek to avoid dysfunctional confrontation and conflict.

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- vi. Once a decision is made, directors will speak with one voice and honour the confidentiality of the board's discussions.
- vii. Directors will have equal and timely access to relevant information.
- viii. Directors will deal with interpersonal conflict in a timely and focused manner; significant issues of conflicts should not be ignored.
- ix. The knowledge, skills and expertise of all directors will be recognized, valued and utilized.
- x. Directors will avoid placing themselves in positions where there may be a real or perceived conflict of interest.

3.2.4 The board-CEO relationship

In a strategic and engaged board model, the board works with the CEO to develop the strategic direction and expected outcomes for the organization. Accordingly, the board seeks a relationship with the CEO defined as:

- i. Open and transparent - the board-CEO relationship must allow for the Chair to act as the principal sounding board, counsel and confidant for the CEO, including helping to review strategies, define issues, challenge thinking, maintain accountability, and build necessary relationships.
- ii. Active and engaged - the chair and CEO should engage in regular discussions about the AMVIC strategy, risks, strategic opportunities and other matters of a strategic nature. This includes work to meet with and debrief the CEO after board meetings to review action items and communicate any messages the board may have requested the chair to deliver.
- iii. Aligned to the AMVIC governance model - the board and CEO must honour the delineation of board and CEO roles and support the performance of the governance system by anticipating and preparing for board expectations and reactions and adequately preparing the board for key decisions.

Further, the board-CEO relationship is defined by the following points:

- The CEO is the sole employee of the board, and while the board is responsible for establishing policies, implementation is delegated to the CEO.
- The CEO serves as the board's single link to the organization and, as such, is responsible for the organization's performance in alignment with the board's direction.
- Communication with the CEO as it pertains to board decisions and deliverables is the sole responsibility of the chair unless otherwise delegated from the chair under special circumstances.

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3.3 Committee structure of the board and corresponding roles

AMVIC Bylaw 1 - Governance, Section 3.2, makes provision for the delegation of board duties to committees.

3.3.1 The board's approach to committees

In developing the committee structure, the board has adopted the following principles:

- i. Committees exist to conduct the work of the board. Committees are established to help the board in fulfilling its responsibilities to provide governance and oversight of AMVIC. As such, all activities of the committees are under the purview of the board.
- ii. The CEO may assign employees to support a committee. Employees are not members of committees. Thus, they are not entitled to vote, nor are they included in determining quorum. The role of employees on a committee is to provide information and perspective to the committee. If a board committee is dissatisfied with an employee's performance, the committee chair consults with the board chair, who then addresses the issue with the CEO.
- iii. Board committees cannot exercise authority over employees.
- iv. No committee has the power to alter the policies of AMVIC. All policy decisions are made by the board.
- v. Board committees do not speak, act or make decisions for the board, except when formally given such authority for specific and time-limited purposes.
- vi. Directors are encouraged, but not required, to participate on a committee.
- vii. Each committee should operate with a terms of reference and annual work plan outlining and defining the committee mandate and key deliverables. Committee terms of reference and work plans should be validated by the board to ensure alignment and completeness.
- viii. Committee terms of reference include:
 1. The committee's purpose;
 2. The key duties and responsibilities of the committee;
 3. Appointment of the chair of the committee, including length of term;
 4. Membership of the committee, including appointment and length of term;
 5. Meetings, including frequency and quorum;
 6. Specific resources for the committee; and
 7. Reporting requirements of the committee.

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3.3.2 Committee structure

The following committees are hereby established. Additional committees may be created as needed.

Directors may be compensated for time spent on committee work according to the Board Remuneration and Expense Policy.

Governance and Human Resources Committee (“GHR committee”)

- i. The GHR committee is established by the board and consists of four directors.
- ii. The core responsibilities of the GHR committee are to:
 - 1. Optimize the board’s governance practices and processes.
 - 2. Develop and administer orientation and evaluation processes for directors.
 - 3. Manage the board competency matrix and support board recruitment and development.
 - 4. Develop and administer the CEO evaluation process.
 - 5. Oversee and support the board’s policy development role.
- iii. The duties of the members of the GHR committee are contained in the Board of Directors and Committee Terms of Reference.

Finance and Risk Management Committee (“FRM committee”)

- i. The FRM committee is established by the board and consists of four directors.
- ii. The core responsibilities of the FRM committee are to:
 - 1. Establish and oversee financial policies and financial strategy of AMVIC.
 - 2. Ensure the stewardship of financial assets.
 - 3. Monitor the management of funds and assets.
 - 4. Review and report on enterprise risk.
 - 5. Ensure a complete financial picture of AMVIC is presented to the board with which to make strategic decisions.
- iii. The duties of the members of the FRM committee are outlined in the Board of Directors and Committee Terms of Reference.

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Salesperson Appeal Committee (North and South)

- i. The Salesperson Appeal Committee is established by the board and the duties of the members of the Salesperson Appeal Committee are outlined in the Salesperson Appeal Committee Policy.

Ad Hoc Committees

- i. Ad Hoc Committees can be established for specific projects or initiatives and are dissolved at the conclusion of the project or initiative.

3.4 Core processes of the board

3.4.1 Board calendar

Annually, the board will adopt a board calendar that includes:

- i. The strategic planning and budgeting cycle;
- ii. Director orientation;
- iii. Budget approval and monitoring;
- iv. CEO evaluation;
- v. Board evaluation;
- vi. Policy review;
- vii. Regular board meetings;
- viii. Board education events; and
- ix. Other major milestones and governance-related events.

3.4.2 Strategy and policy development

The board is committed to performing its strategic role. In carrying out this role, the board has adopted the following model that differentiates the roles and expectations of the board and management.

Task	Board Role	Management Role
Strategic Thinking	<ul style="list-style-type: none"> Bring an outside perspective and accumulated wisdom. Test the consistency of management's thinking. Collaborate with management. 	<ul style="list-style-type: none"> Initiate the process of strategic thinking. Set the agenda – pose the questions and issues. Actively participate with the board in discussions.

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Strategic Decision Making	<ul style="list-style-type: none"> • Offer input for management's decision making. • Provide ultimate review and approval on major decisions. 	<ul style="list-style-type: none"> • Make critical decisions. • Develop proposals to the board for critical directional decisions and major resource allocation and policy direction.
Strategic Planning	<ul style="list-style-type: none"> • Review core strategic plans and policies presented by management. • Ensure understanding of the plans and policies and their potential risk and consequences. • Approve plans and policies 	<ul style="list-style-type: none"> • Develop plans and policies. • Review plans and policies to ensure consistency with corporate objective and strategy. • Present plans and policies to the board for review.
Strategic Execution	<ul style="list-style-type: none"> • Review the process and progress of implementation of key initiatives vis-à-vis established milestones and objectives. 	<ul style="list-style-type: none"> • Ensure resources and leadership for execution are in place. • Monitor progress of execution. • Make changes in either the execution or the plan and policy, depending on outcomes.

3.4.3 Performance review of the CEO

An annual review of the CEO will be conducted using a process designed by the GHR committee and approved by the board.

The findings of the CEO evaluation process should be received by all directors and communicated to the CEO by the chair.

The evaluation process may be supported by a third-party advisor or consultant as deemed necessary by the board.

3.4.4 Orientation

As a component of board effectiveness, the board will conduct orientation annually of all directors with respect to the following:

- i. The governing context of AMVIC including:
 1. Key and emerging issues and risks for AMVIC;
 2. Environmental scan (PEST analysis, SWOT analysis);
 3. Financial overview (budget, risk areas, review of financial statements);
 4. Organizational model of AMVIC;
 5. Key stakeholders (who they are, key interest, relationship to AMVIC); and

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6. Current strategic and business plans
- ii. The governing model and processes of AMVIC including:
 1. MRD;
 2. Bylaws;
 3. Board of Directors and Committee Terms of Reference; and
 4. Board policies (Code of Conduct, Board Remuneration and Expense).

The orientation process will be designed by the GHR committee and carried out by (at minimum) the chair and CEO.

3.4.5 Board evaluation

To ensure the board and its committees are effectively and efficiently carrying out their roles and responsibilities, the GHR committee will design and conduct a regular board evaluation process.

The purpose of the evaluation process is to examine the effectiveness of the board, its committees and its directors. The evaluation process should examine aspects of board effectiveness including structure, process, competency and culture as well as the performance and contributions of each director.

Given a high expectation for individual and collective performance, the results of the board evaluation will be used to develop specific governance improvement plans as well as to coach individual directors and guide decisions about future board composition.

A summary of the outcomes of the board and committee evaluations will be shared with all directors.

3.4.6 Board training and development

The board is committed to the effectiveness of the governing system of AMVIC. Where needed, the board will invest in individual and collective board training and development opportunities necessary to carry out its role. This may include board education items during the regular course of meetings, attendance at key conferences or expert speakers at the annual planning session.

In all cases, board education efforts should be aimed at equipping the board with contemporary knowledge of issues related to the performance of the organization and its governing system.

3.4.7 Board competency model

The board's intent is to have a board equipped with a collective set of competencies necessary to carry out the board's fiduciary and strategic roles. The board's efforts to support the

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recruitment and selection process as well as subsequent development will be guided by the following competency model even though the public director selection is led by the Minister (working with the chair). A board skills matrix will be approved annually that sets out the competencies referenced below.

Technical Competencies	Personal Characteristics
<ul style="list-style-type: none"> Accounting and finance Legal, regulatory and administrative law Strategy development Public relations, government relations and communications Motor vehicle industry experience Public policy experience Governance Human resources Risk management 	<ul style="list-style-type: none"> Team player and collaborative Communicates intent (verbal communication skill) Strategic and critical thinking; ability to think independently Use of process discipline to shape organizational effectiveness (systematically drives improvement and change) Skilled in use of a “strategic” network (influence) and politically savvy Creative and innovative thinker; comfort with disruption and change Forward thinking Acts with integrity on ethical basis

4. Administration

4.1 Related documents and legislation

Consumer Protection Act

AMVIC Bylaw 1 —Governance

Automotive Business Regulation

Mandate and Roles Document

Public Agency Governance Policy—Public Agency Secretariat, Public Service Commission

4.2 Procedures

4.3 Forms

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4.4 Amendment history

Version	Date	Summary of Update
1	March 8, 2010	Original
2	April 14, 2010	Reviewed and approved
3	Nov. 18, 2014	Reviewed and approved
4	Jan. 24, 2017	Reviewed and approved: <ul style="list-style-type: none"> Revisions by B. Boychuk, CFO – Update duties to ensure consistency with bylaws and Organizational Structure Policy Reviewed by D. Lagore, CEO
5	June 20, 2017	Reviewed and approved: <ul style="list-style-type: none"> Revisions by R. Varley – revisions to board committees Reviewed by D. Lagore, CEO
6	Oct. 2, 2019	Incorporating Board Charter work. Reviewed and approved.
7	Nov. 24, 2020	Minor changes to committee structure and board competency model.
8	Sept. 22, 2021	Reviewed and approved: <ul style="list-style-type: none"> Revisions by L. Soria – revision to Purpose and Related documents and legislation.

4.5 Scheduled review date

September 2024