

Report to the GHRC Committee

Board Policies and Guidelines

Nov. 9, 2020

PURPOSE

To seek director input and direction on two new draft corporate governance policies/guidelines.

CONTEXT

At its April 2020 meeting, the GHRC committee received an update on the inventory of CNA governance documents and accepted the phased plan and process to update them. Phase 1, short-term enhancements under the existing framework, involves:

- a. Reviewing and updating board committee terms of reference
- b. Developing a board charter/statement that expressly defines the role of the board
- c. Developing a delegation of authority policy that sets out the nature and extent of the authority formally delegated from the board to the CEO
- d. Refining existing policies in the board handbook and developing a framework for the evaluation of the board and its committees

This report addresses paragraphs (b) and (c). Paragraph (a) is reported under item 4.2 and paragraph (d) will be addressed at the Dec. 3, 2020 GRHC committee meeting.

Proposed new draft policies:

The draft policies being proposed by management consider common and/or leading governance practices and fit the size and complexity of the organization, as follows:

- **Draft Board of Directors Guidelines** – The guidelines create a framework to ensure the effective governance of the organization by clarifying the board’s role and responsibility and related procedures.
- **Draft Board of Directors Delegation of Authority Policy** – The draft policy establishes and documents the authority reserved by the board and the authority delegated to the CEO.

Management is seeking GHRC committee input on the proposed board mandate and the scope of authority reserved by the board and proposed limits to authority delegated to the CEO.



NEXT STEPS

Management will circulate revised board policies and guidelines based on committee input by email with an additional comment deadline of Nov. 18, 2020. The final draft policies/guidelines will be provided for committee recommendation and board approval at the Dec. 3 and 4 meetings of the GHRC committee and board, respectively.

APPENDICES

- **Appendix A:** Draft Board of Directors Guidelines
- **Appendix B:** Draft Board of Directors Delegation of Authority Policy

Board of Directors Guidelines

Date of creation: Dec. 4, 2020

Revisions:

1. Purpose

The board of directors (the “board”) of the Canadian Nuclear Association (the “organization”) has adopted the following guidelines to assist the board in exercising its responsibilities and to create a framework to ensure the effective governance of the organization.

2. Roles and Responsibilities of the Board

The board is responsible for the stewardship of the organization and for supervising the management of its business and affairs. In carrying out its responsibilities, the board has the power to delegate its authority and duties to committees of the board, or to senior management as it determines appropriate, subject to any applicable laws. The duties, functions and responsibilities of the board and its committees are subject to the *Canada Not-for-profit Corporations Act* (the “Act”) and its regulations, and other applicable legislation, and the organization’s by-law.

In fulfilling its duties, the board is, among other things, responsible for the following:

- Reviewing, approving, and updating as necessary the purpose of the organization.
- Satisfying itself that the business of the organization is conducted ethically and with integrity, and that the CEO and other senior management promote a culture of integrity throughout the organization.
- Overseeing the appointment and dismissal of the CEO, processes for CEO evaluation and compensation, and succession planning for the board and CEO.
- Reviewing and approving the organization’s strategic plan and monitoring its implementation and effectiveness.
- Establishing measures of organizational performance and utilizing those measures to ensure senior management accountability.
- Ensuring processes are in place to identify and manage the principal risks to the organization’s business.



- Protecting the assets of the organization and providing financial oversight, including approving annual budgets and annual audited financial statements (as recommended by the finance committee) and reviewing financial controls.
- Overseeing the organization's compliance with relevant laws and regulations, including reviewing by-laws and significant policies and practices to ensure compliance with applicable legal and regulatory requirements.
- Designing governance structures, policies, and practices to position the board to fulfill its duties effectively and efficiently, and making changes as needed.
- Performing such other functions as the board believes appropriate or necessary.

3. Director Qualifications

The organization seeks as directors committed individuals who have the highest ethical standards, sound judgment and an interest in the long-term best interests of the organization, its members, and other stakeholders. Director qualifications are set out in the CNA Board – Statement of Qualifications policy.

4. Role of the Director

The general expectations for, and duties of, individual directors of the organization are set out in the CNA Board – Role of the Director policy.

5. Chair of the Board – Role and Qualifications

In addition to the duties of every director of the board, the chair of the board is responsible for the effective functioning of the board and its role in governing the organization. This includes ensuring the integrity and effectiveness of the board's governance role and processes; presiding at meetings of the board and members; and maintaining effective relationships with board members, committee chairs, management and stakeholder groups. On a functional level, the chair contributes to and approves the agenda; ensures appropriate time is allocated to agenda items; reviews draft minutes; calls meetings; rules on procedural matters during meetings; and represents the board to internal and external shareholders.

Qualifications include:

- A successful leadership track record
- A visionary – looking forward to the future, on behalf of the organization, and inspiring the board towards a vision for the organization
- A commitment to, and clear understanding of, the organization's purpose and objectives
- Political acuity

- Ability to act impartially and without bias and display tact and diplomacy
- Effective communicator and strong interpersonal skills
- Strong strategic, facilitation and consensus-building skills
- Skills in coaching and providing constructive feedback
- Knowledge of meeting procedures and organization's governance policies and by-law

6. Board Size and Structure

The board will periodically review whether its current size is appropriate and committee structure. The size of the board will, in any case, be within the minimum and maximum number provided in the articles of the organization (3 to 50).

7. Access to Information and Advisors

In carrying out its duties, the board and each of its committees will have full access to all of the books, records, facilities and personnel of the organization that are relevant in respect of the duties of the board. In carrying out its duties, the board may, with the consent of the chair of the board, retain an outside advisor at the organization's expense and determine the advisor's fees. Those advisors may include counsel, auditors, and other professionals, as appropriate.

8. Orientation and Continuing Education of Directors

Each new director will receive an orientation from the chair of the board and the CEO, or designates, including an overview of the role of the board, the committees and each individual director, the nature and operation of the organization's business and the contribution and time commitment the new director is expected to make. The board will consider appropriate continuing education for the directors, which may include presentations from management, and presentations from industry experts. Each director is also expected to maintain the necessary level of expertise to perform their responsibilities as a director.

9. Organizational Policies

The board has implemented a number of policies of the organization, which are maintained by the corporate secretary. The board will review such policies regularly and consider whether any changes to such policies should be made (taking into consideration any recommendations that may be made by the committee delegated oversight over the policies) and whether any new policies should be implemented.

10. Review

These guidelines will be annually review by the board and will be considered in effect, unless revoked by resolution of the board.

Board of Directors Delegation of Authority Policy

Date of creation: Dec. 4, 2020

Revisions:

1. Purpose

The delegation of authority policy establishes and documents the authority reserved by the board of directors (the “board”) and the authority delegated to the President and Chief Executive Officer (the “CEO”). The board is responsible under the *Canada Not-for-profit Act* (the “Act”) to manage or supervise the activities and affairs of the organization. It does so through governance and oversight of management, and by delegating to the CEO decision-making authority reasonably required for effective and efficient operation of the organization in accordance with this policy.

2. Board-Reserved Authority

In addition to matters expressly required by the Act and by-law, and those set out in board policies, guidelines and committee terms of reference, powers specially reserved for the board include:

- Matters involving financial amounts above a certain limit
- Employee hires outside of the approved overall budget
- Disposal of assets above a certain limit
- Changes to bank accounts and signatories (roles of CEO, VP, CFO)
- The acquisition, establishment, disposal or cessation of any significant business of the organization

3. Delegated Authority

The board explicitly delegates to the CEO responsibility for the day-to-day operations of the organization with authority to act in all matters that are not by by-law, or by resolution of the board specifically reserved to be done by the chair, the board or a board committee. This management occurs within a board-endorsed strategic, policy and financial frameworks.

Approved delegations to the CEO by category are set in **Schedule 1**.

4. Reporting by Management to the Board

As part of the framework established by this policy, management is required to report regularly to the board concerning the authority exercised.

5. Review

The governance, human resources and compensation (GHRC) committee will review this policy one year after approval and every two years thereafter to ensure the policy remains relevant and inline with best governance practices. The GHRC committee will recommend changes to the policy to the board. This delegation of authority will be considered in effect, unless revoked by resolution of the board.

6. Related Information

- The *Canada Not-for-profit Act*
- CNA By-law No. 1
- Board of Directors Guidelines
- GHRC, Finance and Executive Committees' Terms of Reference
- CNA Signing Authority Policy
- CNA Net Asset Reserve Policy

Schedule 1

| Category | Authority Delegated to CEO |
|---|--|
| Financial | |
| Operating expenditures (budgeted) | Full authority subject to CNA signing authority policy CEO has authority to allocate budget funds within on-going operations with reporting reallocations to the finance committee (FC) in a transparent manner |
| Operating expenditures (unbudgeted) | Proposed expenditures in excess of \$50,000 to be reviewed by FC and approved by executive committee |
| Changes to bank accounts and signatories (roles of CEO, VP, CFO) | Subject to board approval |
| Disposal of assets in excess of \$10,000 | Subject to board approval |
| Establishment of any new debt funding or borrowing ¹ arrangements | Subject to board approval |
| Governance and Related | |
| The acquisition, establishment, disposal or cessation of any significant business of the organization | Subject to board approval |
| Creation management-level working groups or committees of members and stakeholders | Full authority with reporting to the board in a transparent manner |
| CNA responses, submissions, reports or letters to regulators or government bodies | Full authority with reporting to the board in a transparent manner |
| Public statements, publications, and membership newsletters, speeches | Full authority |

¹ Includes establishing lines of credit, loans facilities and all other debt instruments

| Category | Authority Delegated to CEO |
|---------------------------------------|---|
| Human Resources | |
| Hiring employees | Full authority in accordance with approved overall budget |
| Termination of employee relationships | Full authority with reporting to the governance, human resources and compensation committee in a transparent manner |
| New positions | Full authority if part of the overall board approved budget Board approval required if the new position is not part of overall board approved budget |
| Replacing existing positions | Full authority |
| Employee remuneration | Full authority in accordance with board approved budget and parameters |