

TERMS OF REFERENCE FOR THE BOARD OF DIRECTORS

I. INTRODUCTION

The Motor Vehicle Sales Authority of British Columbia Society Act Bylaws allocate the responsibility to “manage the affairs of the Authority” to the Board and the Board delegates to the President the responsibility for the day-to-day leadership and management of the Authority.

The Directors are stewards of the Authority. They have the responsibility to oversee the conduct of the business, supervise management and endeavor to ensure that all major issues affecting the business and affairs of the Authority are given proper consideration and the appropriate decisions taken. In performing its functions, the Board also considers the legitimate interests in the MVSABC held by Government, other stakeholders including employees, motor dealer industry, suppliers, customers and communities.

In supervising the conduct of the business, the Board, through the President, sets standards of conduct for the MVSABC and ensures the efficiency and effectiveness of its operations.

II. PROCEDURES AND ORGANIZATION

- A. The Board operates by delegating to management certain of its authorities, including spending authorizations, and by reserving certain powers to itself. The current spending authorizations are outlined in Tab 9 of the Board Governance Manual.
- B. The Board retains the responsibility for managing its own affairs including the responsibility to:
 - (i) Annually review, in conjunction with the President, the skills and experience represented on the Board in light of the strategic direction of the Authority, for the purpose of recommending the criteria the Board should consider when appointing Directors.
 - (ii) Make recommendations to the Chair regarding the criteria it should consider in making appointments to the Board.
 - (iii) On the recommendation of the Chair, appoint, determine the composition of, and set the mandate for, Board Committees.
 - (iv) Implement an appropriate process for assessing the effectiveness of Board governance, Committees and the contribution of Directors.
 - (v) Assess the adequacy and form of Director compensation and make recommendations to the Authority, as appropriate.
 - (vi) Assume responsibility for the Authority's corporate governance practices and ensure they meet the needs of Government, the Authority, and the public.
 - (vii) Appoint the Secretary to the Board.

III. DUTIES AND RESPONSIBILITIES

A. SELECTION OF MANAGEMENT

The Board has the responsibility to:

- (i) Appoint and replace the President and monitor and evaluate the President's performance.
- (ii) Approve the President's compensation.
- (iii) Provide advice and counsel to the President in the execution of the President's duties.
- (iv) Review the Human Resource strategies and processes for the recruitment, appointment and compensation of employees and management.
- (v) Ensure plans are made for management succession and development.

B. STRATEGY DETERMINATION

The Board has the responsibility to:

- (i) Annually review with management, and approve the Authority's strategic plan, taking into consideration the public policy responsibilities of the Authority.
- (ii) Safeguard the Authority's resources by approving annual operating and capital budgets, human resources plans, and major new financial or capital project proposals.

C. MONITORING AND ACTING

The Board has the responsibility to:

- (i) Monitor the MVSABC's progress towards the objectives set in the corporate strategic plan, business and operating plans, and to revise and alter its direction through management in light of changing circumstances.
- (ii) Direct management to develop, implement and maintain a reporting system that accurately measures the Authority's performance against its strategic plan.
- (iii) Identify the principal risks of the MVSABC's business and take all reasonable steps to ensure the implementation of appropriate systems to manage these risks.
- (iv) Direct management to ensure that systems are in place for maintaining the integrity of the MVSABC's internal financial control and management information systems.

D. POLICIES AND PROCEDURES

The Board has the responsibility to:

- (i) Approve and monitor, through management, compliance with all significant policies and procedures which govern the MVSABC's operations.
- (ii) Approve and act as the guardian of the MVSABC's corporate values.
- (iii) Direct management to implement systems designed to ensure that the MVSABC operates at all times within applicable laws and regulations, and to the highest safety, ethical and moral standards.

E. CORPORATE COMMUNICATIONS

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

The Board has the responsibility to:

- (i) Ensure the Authority has in place a policy to enable management and the Board to communicate effectively with the Government, stakeholders and the public generally.
- (ii) Ensure the financial and operational performance of the MVSABC is adequately reported to Government.
- (iii) Ensure financial results are reported fairly and in accordance with generally accepted accounting principles.
- (iv) Ensure timely reporting of any other developments that have a significant and material effect on the performance of the MVSABC.
- (v) Report annually to the Authority on the Board's stewardship for the preceding year (Annual Report).

IV. GENERAL LEGAL OBLIGATIONS OF THE BOARD OF DIRECTORS

- A. The Board is responsible for directing management to ensure legal requirements have been met, and documents and records have been properly prepared, approved and maintained.
- B. Legal duties are imposed on Directors. The basic legal duties are imposed at common law.
- C. Directors are under a fiduciary¹ duty to the MVSABC to carry out the duties of their office:
 - (i) Honestly and in good faith.
 - (ii) In the best interests of the MVSABC.
 - (iii) With the care, diligence, and skill of a reasonably prudent person.
- D. Directors have specific statutory duties and obligations under employment, environmental, and financial reporting law as well as under the withholding provisions of taxation law.

¹ without being legally precise, a fiduciary duty is duty to act for the benefit of another, like a trustee.