



# BCI Board of Directors

## MANDATE

Effective as of July 5, 2019

## BOARD GOVERNANCE

- 1 The Board of Directors (the “**Board**” and each member thereof a “Director”) of the British Columbia Investment Management Corporation (“**BCI**”) is governed by:
  - 1.1 The *Public Sector Pension Plans Act* (British Columbia) (the “**Act**”);
  - 1.2 regulations made pursuant to the Act;
  - 1.3 Bylaw No. 1 adopted by the Board on November 2, 1999 (the “**Bylaw**”);
  - 1.4 the Director Code of Conduct (the “**Code**”);
  - 1.5 the Standing Order of all of the Directors adopted by the Board on October 9, 2009;
  - 1.6 the quorum and voting resolution of the Board adopted January 21, 2000 (the “**Quorum and Voting Resolution**”);
  - 1.7 this mandate of the Board (the “**Board Mandate**”); and
  - 1.8 such other governance documents, including resolutions, which may be approved or adopted by the Board from time to time.

## DUTY & STANDARD OF CARE

- 2 In discharging its duties, the Board and each Director is required to:
  - 2.1 foster a culture of honesty and integrity within BCI;
  - 2.2 act, in accordance with section 20(1)(g) of the Act, in the best interests of BCI; and
  - 2.3 perform duties to the standard set out in section 3.1(b) of the Code.

## LIMITATIONS ON THE BOARD UNDER THE ACT

- 3 In accordance with section 20(5) of the Act, the Board must not be involved in the investment decisions of BCI. This means that the Board is to have no involvement in investment decisions that are in the course of being made. This prohibition does not extend to policy advice that the CIO may seek from the Board. The legislative role of the CIO and the prohibition in Section 20(5) of the Act limit the scope of this Mandate.

## **BOARD REQUIREMENTS UNDER THE ACT**

- 4 The Board must:
  - 4.1 select and appoint the Chief Investment Officer (who also serves as the Chief Executive Officer and is referred to herein in respect of both roles as the “CIO”), and review and monitor the CIO’s performance and determine the CIO’s salary in accordance with sections 20(1)(a) and (b) of the Act;
  - 4.2 select and appoint BCI’s auditor in accordance with section 20(1)(c) of the Act;
  - 4.3 approve policies respecting the proper discharge of BCI’s mandate in accordance with section 20(1)(d)(i) of the Act;
  - 4.4 approve BCI’s business plan in accordance with section 20(1)(d)(ii) of the Act;
  - 4.5 approve BCI’s budget in accordance with section 20(1)(d)(iii) of the Act;
  - 4.6 approve policies respecting BCI’s pooled funds in accordance with section 20(1)(d)(iv) of the Act;
  - 4.7 approve BCI’s conflict of interest guidelines in accordance with section 20(1)(d)(v) of the Act;
  - 4.8 establish an employee classification system and compensation scale, including performance bonuses, in accordance with section 20(1)(e) of the Act; and
  - 4.9 oversee BCI’s operations in accordance with section 20(1)(f) of the Act.

## **DUTY TO OVERSEE THE CIO**

- 5 In discharging its responsibilities to select and appoint the CIO, review and monitor the CIO’s performance and determine the CIO’s salary in accordance with sections 20(1)(a) and (b) of the Act, the Board:
  - 5.1 reviews an annual report from the CIO on the CIO’s compliance with the CIO’s duties and responsibilities delegated to him by the Board pursuant to section 20(3)(a) of the Act;
  - 5.2 annually establishes the CIO’s goals and objectives in furtherance of BCI’s vision;
  - 5.3 annually establishes evaluation criteria for measuring the CIO’s performance against the CIO’s goals and objectives and the performance of BCI;
  - 5.4 conducts an annual performance review of the CIO against stated goals and objectives;
  - 5.5 determines the CIO’s salary and other compensation; and
  - 5.6 maintains a succession plan with respect to the position of CIO.

## DUTIES REGARDING THE EXTERNAL AUDITOR, BUSINESS PLAN, BUDGET AND POLICIES FOR POOLED FUNDS

- 6 In discharging its obligation to approve select and appoint BCI's auditor in accordance with section 20(1)(c) of the Act, adopt a business plan in accordance with section 20(1)(d)(ii) of the Act, approve the budget in accordance with section 20(1)(d)(iii) of the Act, and approve policies respecting BCI's pooled funds in accordance with section 20(1)(d)(iv) of the Act, the Board:
  - 6.1 oversees the independence, performance, appointment and remuneration of the external auditor;
  - 6.2 reviews and approves the business plan and monitors BCI's implementation thereof;
  - 6.3 reviews and approves the budget;
  - 6.4 reviews and approves significant accounting policies for the corporation and the pooled funds; and
  - 6.5 reviews and approves policies within the product descriptions for the pooled funds.

## DUTY REGARDING CONFLICTS OF INTEREST

- 7 In discharging its obligation to approve BCI's conflict of interest guidelines in accordance with section 20(1)(d)(v) of the Act, the Board reviews, approves the adoption of and amendments to, and satisfies itself with respect to the monitoring of compliance with:
  - 7.1 the Code;
  - 7.2 the conflict of interest portion of the code of conduct applicable to officers and employees of BCI (the "**Employee Code**"); and
  - 7.3 this Board Mandate, the Human Resources and Governance Committee Mandate and the Audit Committee Mandate.

## DUTY TO PROVIDE OPERATIONAL OVERSIGHT – STRATEGIC PLANNING AND RISK MANAGEMENT

- 8 In discharging its operational oversight responsibilities under section 20(1)(f) of the Act, the Board engages in:
  - 8.1 strategic planning by:
    - 8.1.1 ensuring a strategic planning process is in place;
    - 8.1.2 annually approving a strategic business plan; and
    - 8.1.3 regularly receiving updates from the CIO on strategic developments; and

- 8.2 risk management and compliance by:
  - 8.2.1 adopting a risk management framework for BCI;
  - 8.2.2 reviewing the integrity of the internal controls over BCI's investment transaction processing and financial reporting in accordance with the requirements of the Canadian Standards on Assurance Engagements 3416;
  - 8.2.3 receiving reports from the CIO, the Audit Committee, the Human Resources and Governance Committee, ad hoc committees and BCI's internal and external auditors, legal counsel and other advisors, including *in camera* sessions, on the status of and changes in identified risks, the effectiveness of risk mitigation procedures and the integrity of risk management systems; and
  - 8.2.4 where appropriate, obtaining independent assessment of particular risks.

## COMMUNICATIONS

- 9 To ensure that communications of BCI align with BCI's mandate and business plan, the Board is responsible for:
  - 9.1 setting the direction for BCI's approach to Board-related communication;
  - 9.2 reviewing corporate and client communication strategies submitted to the Board;
  - 9.3 reviewing with the CIO BCI's reputation management and steps undertaken to mitigate any reputational risks; and
  - 9.4 participating in communication programs and activities.

## RETAINED DUTIES

- 10 The Board has retained responsibility to:
  - 10.1 ensure that an equitable fee system based on the user pay principle is in place in accordance with section 20(2)(d) of the Act; and
  - 10.2 review and approve the annual corporate financial statements of BCI pursuant to section 20(2)(e) of the Act.

## DELEGATED DUTIES

- 11 In accordance with the Board's right in accordance with section 20(3)(a) of the Act to delegate any power or duty conferred or imposed on the Board by section 20(2) of the Act, the Board has, pursuant to section 2.4 of the Bylaw, delegated to the CIO the exercise and performance of its powers and duties to:

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- 11.1 provide proper reporting and accountability, in a timely manner, to the pension boards and the trustees and other persons responsible for the funds managed by BCI in accordance with section 20(2)(a) of the Act;
- 11.2 comply with recognized industry standards in accordance with section 20(2)(b) of the Act;
- 11.3 provide investment management services in an efficient, effective and timely manner in accordance with section 20(2)(c) of the Act; and
- 11.4 provide for BCI's financial administration in accordance with section 20(2)(e) of the Act by:
  - 11.4.1 establishing an accounting system which ensures that there is proper reporting and accountability, in a timely manner, to clients of BCI;
  - 11.4.2 permitting the Minister of Finance of British Columbia (the "**Minister**") to direct the Comptroller General to examine the financial and accounting operations of BCI and report back to the Board, the Treasury Board, the pension boards and other persons responsible for the funds managed by BCI;
  - 11.4.3 having annual financial statements of BCI ("**Financials**") prepared in accordance with generally accepted accounting principles;
  - 11.4.4 having an audit performed annually on the Financials; and
  - 11.4.5 annually providing to the Minister BCI's business plan and an annual report on BCI including the Financials.

## BOARD COMPOSITION

- 12 In accordance with section 19(3) of the Act, the Board is comprised of seven Directors as follows:
  - 12.1 one Director appointed by the College Pension Board of Trustees (British Columbia) from among its members;
  - 12.2 one Director appointed by the Municipal Pension Board of Trustees (British Columbia) from among its members;
  - 12.3 one Director appointed by the Public Service Pension Board of Trustees (British Columbia) from among its members;
  - 12.4 one Director appointed by the Teachers' Pension Board of Trustees (British Columbia) from among its members;
  - 12.5 two Directors appointed by the Minister representative of BCI's other clients; and
  - 12.6 one other Director appointed by the Minister to serve as Chair of the Board (the "**Chair**").
- 13 No act or proceeding of the Board is invalid merely because there are in office fewer than the number of Directors required under section 19(3) of the Act.

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- 14 Although the college, municipal, public service and teachers boards of trustees, and the Minister, may exercise their discretion in appointing directors to the Board, the Board has expressed its preference that:
- 14.1 Directors be independent of management;
  - 14.2 no Director be a current or past employee of BCI; and
  - 14.3 Directors have a diversity of experience and viewpoints and with specific competencies, skills, backgrounds and personal qualities, particularly where specific competencies are currently lacking.
- 15 New Directors receive a comprehensive orientation by the Chair and CIO on BCI's statutory framework, policies and Board practices. The orientation process is regularly reviewed by the Human Resources and Governance Committee, who make recommendations to the Board when necessary.

## QUORUM

- 16 Pursuant to section 19(11) of the Act, the Board has, by unanimous agreement, established the quorum for meetings of the Board as:
- 16.1 four Directors where there are at least four Directors in office; and
  - 16.2 the actual number of Directors in office where there are fewer than four Directors in office.
- 17 In the event that, due to a major disruptive event or disaster a quorum of the Board cannot be assembled and the CIO is reasonably believed to be unable to carry out the CIO's duties, the number of Directors able to assemble in person or communicate electronically (an **"Interim Board"**):
- 17.1 may appoint an Acting CIO in place of the CIO (the **"Acting CIO"**);
  - 17.2 determine the Acting CIO's salary; and
  - 17.3 resolve any overlap of the acts of the CIO and Acting CIO.
- 18 No overlap of CIO acts and Acting CIO acts invalidates any exercise of the CIO's powers.

## VOTING

- 19 Pursuant to section 19(11) of the Act, the Board has, by unanimous agreement, provided that:
- 19.1 the following matters require the affirmative vote of 80% of the Directors in office:
    - 19.1.1 any request by the Board to the Province to amend the Act or to amend or supplement the Regulations to the Act;

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- 19.1.2 further variations or amendments to the quorum and/or voting requirements of the Board;
  - 19.1.3 any amendment to By-Law No. 1 as approved by the Board on 2 November 1999;
  - 19.1.4 any amendment to the Board meeting procedure as approved by the Board on 2 November 1999;
  - 19.1.5 any amendment to the Code; and
  - 19.1.6 the appointment or removal of the CIO or an amendment to the terms and conditions of the employment of the CIO;
- 19.2 all matters other than those listed in section 19.0 of this Board Mandate are approved by majority vote; and
- 19.3 notwithstanding sections 19.1 and 19.2 of this Board Mandate, if there are fewer than four Directors in office, decisions of the Board are approved by unanimous vote.

## TERM

- 20 Pursuant to section 19(6) of the Act, each Director must be appointed for a term not exceeding three years, which term may be renewed in accordance with section 19(7) of the Act or rescinded in accordance with section 19(8) of the Act. No more than three terms may expire in any one calendar year pursuant to section 19(6)(b) of the Act. If a Director ceases for any reason to be a Director of the Board before the end of the term for which the Director was appointed, the Board must provide notice of the vacancy to the party that appointed that Director and that party must promptly appoint a replacement Director for the remainder of the term.

## MEETINGS OF THE BOARD

- 21 The Board meets in person, or by telephone conference call, at least once each quarter and as often thereafter as required to discharge the duties of the Board.

## BOARD RESOLUTIONS

- 22 The Board may, in accordance with section 20(3) of the Act, pass resolutions it considers necessary or advisable to manage and conduct the affairs of BCI and to exercise the Board's powers and perform its duties.

## DIRECTOR REMUNERATION

- 23 In accordance with section 19(13) of the Act, the Board may establish:
- 23.1 remuneration for service on the Board or a committee consistent with British Columbia Treasury Board guidelines, and pay such remuneration to the Director or committee member or to an organization paying the Director or committee member in respect of their service; and
  - 23.2 an allowance for reasonable Director and committee member travel and other expenses.

## CHAIR AND COMMITTEE CHAIRS

- 24 The responsibilities of the Chair, Audit Committee Chair and Human Resources and Governance Chair are set out in the Position Descriptions for the Chair, Audit Committee Chair and Human Resources and Governance Committee Chair.
- 25 Like other Directors, the Chair has only one vote and has no second (casting) vote.
- 26 The Chair may, in accordance with section 19(11.1) of the Act, appoint another Director to act in the Chair's absence (the “**Acting Chair**”) if the Chair’s presence is not necessary for constituting a quorum.
- 27 Like other Directors, the Acting Chair has only one vote, does not exercise the Chair’s vote and has no second (casting) vote.

## COMMITTEES OF THE BOARD

- 28 In accordance with sections 20(3)(c) and (d) of the Act, the Board may:
- 28.1 establish committees of the Board;
  - 28.2 determine the composition of such committees which may include non-Directors;
  - 28.3 determine the mandate of each committee; and
  - 28.4 determine the term that non-Directors are to serve on committees.
- 29 The Board has established the following committees to assist the Board in effectively discharging its duties:
- 29.1 Human Resources and Governance Committee;
  - 29.2 Audit Committee; and
  - 29.3 occasionally ad hoc committees



- 30 Each committee:
- 30.1 acts in accordance with the mandate approved by the Board;
  - 30.2 in the case of the Human Resources and Governance Committee and Audit Committee, reviews its cycle once annually;
  - 30.3 regularly holds *in camera* meetings unless waived unanimously by that committee's members; and
  - 30.4 delivers reports and recommendations to the Board.
- 31 The Board, on the recommendation of the Chair, appoints a chair of each committee to:
- 31.1 in the case of the Human Resources and Governance Committee and Audit Committee, fulfil the responsibilities outlined in the Position Descriptions for the Chair, Audit Committee Chair and Human Resources and Governance Committee Chair; and
  - 31.2 in the case of an ad hoc committee chair:
    - 31.2.1 provide leadership to that ad hoc committee;
    - 31.2.2 manage the affairs of that ad hoc committee; and
    - 31.2.3 ensure that ad hoc committee functions effectively in fulfilling its duties.
- 32 The Board:
- 32.1 reviews the structure, mandates and composition of each committee;
  - 32.2 measures the effectiveness of each committee against its objectives; and
  - 32.3 makes recommendations for improving committee effectiveness.

## **MATERIALS**

- 33 The Board has access to all books, records, facilities and personnel of BCI necessary for the discharge of its duties.

## **ADVISORS**

- 34 The Board and each Committee has the power, at the expense of BCI, to retain, instruct, compensate and terminate independent advisors to assist the Board in the discharge of its duties. Individual Directors may retain outside advisors at BCI's expense with the approval of the Chair.

## **AMENDMENTS**

- 35 The Board may amend the terms of this Board Mandate at any time by resolution.

## ADOPTION

36 This Board Mandate was first adopted by resolution of the Board on June 2010.

## GOALS

37 The Board establishes an annual work cycle for the discharge of this Board Mandate.

## REVIEW

38 The Board reviews this Board Mandate at least every three years

## APPROVAL

This Mandate is hereby updated and authorized effective as of the date below

July 5, 2019

[s] Peter Milburn

Date

Chair of the BCI Board

## REVIEW HISTORY

Approval Authority	BCI Board
Last Review Date	July 4-5, 2019
Next Review Date	July 1, 2022

## AMENDMENT HISTORY

DATE	VERSION NO.	SUMMARY OF AMENDMENTS
July 2019	5	Clarify Board's role regarding communications, that the CIO and management provide orientation to new directors, reflect that chair responsibilities are in a separate position description, clarify that committees can include ad hoc committees, update review requirement to at least every 3 years instead of 2.
September 2017	4	Transfer onto BCI template and update name of HRGC.

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June 25, 2015	3	Amendments made.
June 28, 2013	2	Amendments made.
2010	1	Original