

**INSTITUTE OF CORPORATE DIRECTORS**

**CORPORATE GOVERNANCE GUIDELINES  
(INCLUDING THE MANDATE OF THE BOARD OF DIRECTORS)**

**Approved by the Board of Directors on November 28, 2018**

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**1. Statement of Purpose**

The board of directors (the “**Board**”) of the Institute of Corporate Directors (the “**ICD**”) has adopted the following guidelines to create a framework that seeks to ensure the effective governance of the ICD. The Board intends this framework to be flexible and, subject to any applicable law, the Board may modify this framework based on its experience under it.

The Board is responsible for the stewardship of the ICD and for supervising the management of the business and affairs of the ICD. Accordingly, the Board acts as the ultimate decision-making body of the ICD, except with respect to those matters that must be approved by members. The Board has the power to delegate its authority and duties to committees of the Board (each a “**Committee**”) or individual members and to senior management as it determines appropriate, subject to any applicable law. At all times, the Board will retain its oversight function and ultimate responsibility for matters that the Board may delegate to Committees, unless specified in the mandate of a given Committee from time to time or as otherwise specifically delegated by the Board to a Committee. The Board explicitly delegates to senior management responsibility for the day to day operations of the ICD, including all matters not specifically assigned to the Board or to any Committee. Where the Chair of the Board, a Committee or senior management is responsible for making recommendations to the Board, the Board will carefully consider those recommendations.

The mandate, functions and responsibilities of the Board and its Committees are subject to the provisions of the ICD’s by-laws and the *Canada Not-for-profit Corporations Act* and its regulations, and other applicable legislation.

**2. Board Mandate**

The fundamental duty of the Board is set out in the *Canada Not-for-profit Corporations Act*: “the directors shall manage or supervise the management of the activities and affairs of a corporation.” The directors will perform their duties honestly and in good faith with a view to the best interests of the ICD while exercising at least the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and will consider the interests of all members, employees and other stakeholders of the ICD.

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

- appointing, evaluating and remunerating the President & Chief Executive Officer (“**CEO**”) and evaluating and remunerating senior management;
- on an ongoing basis, satisfying itself that the business of the ICD is conducted ethically and with integrity and that the CEO and other senior management inculcate a culture of integrity throughout the ICD;
- reviewing and approving from time to time the ICD’s Vision, Mission and Goals;

- annually providing input to, reviewing and approving the ICD's strategic direction and strategic plan;
- overseeing the management of the ICD's information management system;
- understanding and overseeing the management of the principal risks to the ICD's business, including annually reviewing with the CEO and senior management their assessment of the principal risks to the ICD's business and ensuring that appropriate systems to manage these risks are implemented. In the case of financial risk, these functions may be performed by the Audit Committee;
- receiving, through the CEO, reports in respect of the ICD Chapters;
- reviewing and approving annual budgets, including capital expenditures;
- monitoring, on a regular basis, performance of the ICD (including the CEO and other senior management, including through reports and recommendations from the Governance and Human Resources Committee) against the strategic plan and the annual budget;
- reviewing and approving annual audited financial statements (as recommended by the Audit Committee);
- recommending to members the ICD's auditor to be appointed at the annual general meeting of members of the ICD;
- approving the selection of ICD Fellows made and proposed to the Board; and
- considering, and if thought fit, approving recommendations made to the Board by the Committees.

### **3. Qualification of Directors**

The ICD seeks as directors committed individuals who have the highest ethical standards, sound practical commercial judgment and an interest in the long term best interests of the ICD and its members and other stakeholders. With this goal in mind, each year the Board will determine: (i) what competencies and skills the Board as a whole should possess (taking into account the particular business of the ICD) as will be reflected in the Board Matrix approved by the Board; and (ii) whether the competencies and skills that the existing directors possess meet the requirements set out in the Board Matrix. The Board will make those determinations in sufficient time for the Chair of the Board, in consultation with the Governance and Human Resources Committee, to reflect them in the Chair of Board's recommendations for nominees to the Board.

In order to be qualified to be a director, an individual must be a member of the ICD at the time of or prior to his or her election or appointment as such and throughout his or her term of office, provided that any individual designated by a corporate member as a member shall be deemed to be a member for all purposes and shall be qualified to serve as a director.

### **4. Independence of Directors**

The Board believes that each of its directors should be independent unless the Governance and Human Resources Committee otherwise determines that the inclusion of a non-independent director on the Board is appropriate. On an annual basis, the Board will determine which of its

directors is independent, that is, whether a director has a direct or indirect material relationship with the ICD. A “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment. By definition, this includes officers and employees of the ICD. Directors have an on-going obligation to inform the Board of any material changes in their circumstances or relationships that may affect the Board’s determination as to their independence and, depending on the nature of the change, a director may be asked to resign as a result. Directors shall not serve on the boards of ICD Chapters and shall not be compensated for serving as directors of the ICD.

## **5. Board Size**

The Board will periodically review whether its current size is appropriate. The size of the Board will, in any case, be within the minimum and maximum number provided in the articles of the ICD (6 to 20).

## **6. Term Limit for Directors of the Board**

All directors are elected at the annual general meeting of members of the ICD for a term of one year. Directors are subject to the following term limits:

- a director shall be eligible for re-election provided that an individual may not serve as a director for more than nine years in the aggregate;
- any director may serve as Chair for a maximum of two terms of three years each (six years in total) and, notwithstanding the above, a director elected or proposed to be elected as Chair of the Board may be re-elected as a director for any number of additional years during which such director serves as Chair; and
- upon a director ceasing to be Chair, any such director who has served as a director for more than nine years in the aggregate shall immediately cease to be a director.

## **7. Committees**

The Board will have an Audit Committee and a Governance and Human Resources Committee, the charters of each of which will be as established by the Board from time to time. The Board may, from time to time, establish and maintain additional or different committees as it deems necessary or appropriate.

Committees of the ICD are established to facilitate the work of the Board. Committees are accountable to the Board, which at all times retains responsibility for the activities and decisions of Committees. Each Committee has its particular oversight responsibilities in relation to the ICD but all have common rules of governance and composition, and common operating principles and procedures.

## **8. 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 ICD that are relevant in respect of the duties of the Board or of a particular Committee.

In carrying out its duties, the Board and each Committee (in respect of that Committee's duties) may, from time to time, with the consent of the Chair of the Board, retain an outside advisor at the ICD's expense and determine the advisor's fees and other retention terms. Those advisors may include counsel, auditors, and other professionals, as appropriate. Individual directors may retain an outside advisor with the approval of the Governance and Human Resources Committee.

## **9. Board Meetings**

### *Agenda*

The Chair of the Board, or a designate of the Chair, is responsible, in consultation with the CEO, for establishing the agenda for each Board meeting. Each director may suggest items for inclusion on the agenda and may raise at any Board meeting subjects that are not on the meeting agenda.

### *Frequency of Meetings*

The Board will meet as often as the Board considers appropriate to fulfill its duties, but in any event at least three times per year.

### *Responsibilities of Directors with Respect to Meetings*

Directors are expected to regularly attend Board meetings and Committee meetings (as applicable) and to review in advance all materials for Board meetings and Committee meetings (as applicable).

### *Voting at Meetings*

At meetings of the Board each director shall have one vote and questions 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.

### *Minutes*

The minutes of all Board meetings will be approved at the next meeting of the Board.

The ICD's corporate secretary (the "**Corporate Secretary**") is responsible for ensuring that draft minutes are completed after each meeting. The Corporate Secretary will circulate the draft minutes to the Chair within 7 days after the meeting and to the entire Board 5- 7 days prior to the next meeting of the Board.

### *Attendance at Meetings*

The Board (or any Committee) may invite, at its discretion, non-directors to attend a meeting. Although directors are encouraged to attend all meetings in person, pursuant to the ICD's by-laws, a director may participate in a meeting of directors by means of a telephonic, an electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting.

### *Meetings of Independent Directors*

At each Board meeting (and each Committee meeting at which members of management are in attendance), there shall be an opportunity for the independent directors to meet *in camera*.

#### **10. Orientation and Continuing Education of Directors**

Each new director will receive a comprehensive orientation from the Chair 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 ICD's business and the contribution and time commitment the new director is expected to make. The orientation will include access to senior management of the ICD and the facilities of the ICD. The Board will consider from time to time appropriate continuing education for the directors, which may include presentations from management, site visits (including at the ICD programs) and presentations from industry experts. Each director is also expected to maintain the necessary level of expertise to perform his or her responsibilities as a director.

#### **11. Role of ICD Chapters**

The ICD Chapters are established by resolution of the Board and represent and provide services to all ICD members within a particular province, territory or region in Canada. The responsibilities and authority of the Chapters and their relationships within the ICD are as approved of by the Board from time to time and are set out in the Chapter Guidelines.

#### **12. Role of the Chair**

The principal role of the Chair of the Board is to provide leadership to the Board. The Chair is elected by the incoming Board in the directors' meeting immediately following an annual general meeting. The Chair is accountable to the Board, acts as a direct liaison between the Board and the management of the ICD, and acts as a spokesperson for Board decisions where appropriate.

The Board supports the concept of separation of the role of the Chair from that of the CEO, confirming that the Chair should be independent from management and free from any interest and any business or other relationship which could interfere with, or reasonably be perceived to interfere with, the Chair's independent judgment.

More specifically the duties and responsibilities of the Chair are as follows:

- to provide leadership to the Board in following the strategic plan of the ICD;
- to act as Chair at meetings of the Board;
- to chair the annual general meeting and other meetings of members;
- to act as a liaison between management and the Board;
- to provide advice and counsel to the CEO;

- to oversee that the ICD directors are properly informed and that sufficient and timely advance distribution of all information and materials is provided to enable the directors to form appropriate judgments and make all necessary decisions;
- to see that issues arising out of Board *in camera* deliberations are adequately communicated to and addressed by management and that the resulting outcomes are communicated to the Board;
- to coordinate the activities of the Board with Committee chairs;
- with the CEO, develop and approve the Board agenda;
- with the CEO, to oversee a program of comprehensive director orientation for new directors;
- to attend any meeting of any Committee that the Chair considers appropriate;
- to make recommendations to the Board of individuals to be nominated to the Board and to make recommendations to the Board of individuals to be appointed to Board committees. The Chair shall consult with the Governance and Human Resources Committee prior to making such recommendations, and shall convey the views of the Governance and Human Resources Committee to the Board;
- with the CEO, to recommend to the Board the date, time and location of the annual general meeting;
- to advise the Board of member concerns as appropriate; and
- to annually conduct a Board evaluation based on a process approved by the Governance and Human Resources Committee.

### **13. Role of the Chief Executive Officer**

The CEO is responsible for preparing for the Board's review, implementing and executing the strategic plan and annual budget and related objectives approved by the Board. The CEO will have the authority to manage and supervise the day to day business of the ICD, including making any decisions not specifically assigned to the Board or to any Committee of the Board, subject to any applicable law.

The CEO shall, subject to the authority of the Board, be responsible for the direct management of the business and affairs of the ICD and shall direct and supervise the other officers and employees of the ICD. The CEO shall see that all orders and resolutions of the Board are carried into effect and the CEO shall have such other responsibilities and perform such other duties as are delegated or assigned by the Board.

The responsibilities of the CEO include:

- managing the business and affairs of the ICD within the guidelines established by the Board and reporting to the Board, its Committees and members as appropriate;

- recommending to the Board the strategy for the ICD's business, and when approved by the Board, implementing the corresponding strategic plan;
- communicating in a timely fashion with the Board, its Committees and members, as appropriate, on material matters affecting the ICD;
- overseeing the integrity of the ICD's accounting, internal controls and preparation of financial reports;
- with the Chair, ensuring that new directors receive a comprehensive director orientation;
- developing an annual budget for review by the Audit Committee and approval of the Board and implementing the annual budget;
- overseeing the quality, consistency and delivery of the education and certification programs offered by the ICD and its partner business schools;
- serving as the ICD's principal spokesperson and principal manager of relationships with ICD's stakeholders; and
- such other duties as the Board may delegate from time to time.

#### **14. Communications with Members and Others**

Members and other interested parties may contact the Board with any questions or concerns, including complaints with respect to accounting, internal accounting controls, or auditing matters, by contacting the Corporate Secretary of the ICD at:

Corporate Secretary  
c/o the Institute of Corporate Directors  
2701 – 250 Yonge Street  
Toronto, ON M5B 2L7  
Tel (main): (416) 593-7741  
Tel (toll-free): 1-877-593-7741  
Fax: (416) 593-0636

All correspondence received by the Corporate Secretary will be promptly acknowledged and reviewed by the Corporate Secretary, who will determine whether the correspondence should be forwarded immediately to the Board or any member of the Board or whether the correspondence should be presented to the Board at its next regular meeting. The Corporate Secretary will consult with the Chair if there is a question concerning the need for immediate review by the Board or by any member of the Board.

#### **15. ICD Policies**

The Board has implemented a number of policies of the ICD, The full text of such policies are maintained by the Corporate Secretary. The Board shall 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 Governance and Human Resources Committee where applicable) and whether any new policies should be implemented.

**16. Code of Business Conduct and Ethics**

The Board has adopted a Code of Business Conduct and Ethics. The Board expects all directors, officers, employees and volunteers of the ICD to conduct themselves in accordance with the highest ethical standards, and to adhere to the Code of Business Conduct and Ethics.

**17. Expenses**

The ICD will pay all of the expenses reasonably incurred by the Board and its Committees in the course of carrying out their duties. The ICD places importance on ensuring that those traveling in relation to ICD business exercise due care and prudence in incurring expenses.

**18. Public Disclosure of Governance Documentation**

The ICD will disclose on its website the current version of these guidelines, the Code of Business Conduct and Ethics, its Whistleblower Policy and the charters for each of its Committees.