

TERMS OF REFERENCE - BOARD OF DIRECTORS

CLIMATE CHANGE AND EMISSIONS MANAGEMENT (CCEMC) CORPORATION

DATE OF APPROVAL: JUNE 24, 2009 - BY BOARD OF DIRECTORS

A. INTRODUCTION

The Climate Change and Emissions Management (CCEMC) Corporation (“CCEMC”) is a non-profit organization incorporated under the *Canada Corporations Act*. As a key mechanism to support Alberta’s climate change regulatory framework, CCEMC’s objects are to establish or participate in funding for initiatives and other measures related to reducing emissions of specified gases or improving the ability to adapt to climate change.

B. PURPOSE

1. The CCEMC Board of Directors (the “Board”) has the primary responsibility to provide effective leadership in establishing and achieving CCEMC’s short-term and long-term goals consistent with the CCEMC’s objectives
2. The Board has the primary responsibility to provide effective leadership to establish strategies for the CCEMC to achieve its goals and objectives.
3. The Board has the primary responsibility to provide effective leadership to establish a business plan including programs, measurement and monitoring systems to evaluate the success of the CCEMC’s strategies and projects in achieving its goals and objectives.
4. The Board has the primary responsibility to provide effective leadership to prepare an annual report with respect to the CCEMC’s performance of the Minister’s duties and functions and exercise of the Minister’s powers pursuant to the Fund.
5. The Board sets policy and direction for CCEMC, while building strong relationships with Members and stakeholders.
6. The directors are stewards of CCEMC and promote responsible governance as well as provide an oversight function for management to ensure accountability in the day-to-day operations of CCEMC.

C. COMPOSITION AND BOARD ORGANIZATION

1. The directors are appointed as outlined in the CCEMC Bylaws.
2. The Board may delegate some of its responsibilities to Board committees. The duties and responsibility of those committees will be set forth in general Committee

Guidelines as well as in their respective terms of reference, as amended from time to time.

3. The Board retains the responsibility for managing its own affairs including the responsibility to:
 - (a) ensure that new directors receive a comprehensive orientation;
 - (b) ensure that directors, generally, receive on-going professional development, as required;
 - (c) periodically review the skills and experience represented on the Board in light of CCEMC's governance needs;
 - (d) develop and implement appropriate processes for assessing the effectiveness of the Board, committees and directors in fulfilling their duties and responsibilities;
 - (e) communicate, to the groups and Member sectors that nominate directors, the criteria they should consider in making nominations or appointments to the Board;
 - (f) appoint directors, as required, in accordance with the Bylaws;
 - (g) assess and determine the adequacy and form of director compensation;
 - (h) assume responsibility for CCEMC's governance and accountability practices and ensure they meet the needs of the Members, CCEMC, and the public;
 - (i) approve the terms of reference for the Board, the Chair, CCEMC directors and committees;
 - (j) elect Board officers from time to time from among the directors.

D. REQUIRED SKILLS AND COMPETENCIES

1. The Board will require the right set of skills and competencies to successfully achieve the objects of the CCEMC. These skills and attributes shall include:
 - (a) agency governance;
 - (b) political and business acumen;
 - (c) concepts and conceptual thinking;
 - (d) change and change management;
 - (e) risk management;

- (f) partnership building and teamwork;
- (g) conflict resolution and consensus building;
- (h) professional awareness, such as:
 - (i) technological innovation and development; and
 - (ii) financial management, control and accountability experience;
- (i) strategic foresight;
- (j) results-based management; and
- (k) demonstrated understanding of Alberta's environment and economy.

E. DUTIES AND RESPONSIBILITIES

1. Board Mandate and Meetings

- (a) The Board annually reviews and confirms and/or updates its mandate as described in these terms of reference. The Board's mandate will be made publicly available.
- (b) The Board meets regularly and as often as required to carry out its duties and responsibilities and, in any event, can expect to meet no less than six (6) times per year. Directors are expected to attend all Board meetings.

2. Human Resources

The Board shall be responsible for:

- (a) approving the terms of reference as well as the performance and evaluation criteria for:
 - (i) the Board;
 - (ii) the Chair;
- (b) reviewing senior management structure including the duties and responsibilities assigned to officers of CCEMC;
- (c) engaging the services of, and reviewing agreements with, contractors, consultants and advisors (the "Contractors");
- (d) ensuring that Contractors, directors and officers perform their duties and responsibilities with the highest of ethical standards and in accordance with applicable legislation; and

- (e) providing orientation and on-going professional development for directors, officers and, where applicable, Contractors.

3. **Planning and Reporting**

The Board shall be responsible for:

- (a) participating with management in the development and adoption of CCEMC's mission and vision Statement;
- (b) adopting a strategic planning process for CCEMC;
- (c) participating with management in the development of the CCEMC's Business Plan;
- (d) approving the CCEMC's Business Plan as well as its corresponding annual operating and capital budgets;
- (e) adopting a communications policy to ensure transparent governance/administration and on-going accountability;
- (f) monitoring the Board's performance vis-à-vis CCEMC's Business Plan and directing corrective action when necessary;
- (g) reviewing and approving changes to the Business Plan; and
- (h) preparing a comprehensive Annual Report that corresponds to the Business Plan and the *Climate Change and Emissions Management Fund Administration Regulation*.

4. **Financial and Risk Management**

The Board shall be responsible for:

- (a) undertaking a financial risk analysis;
- (b) implementing and monitoring appropriate policies and internal controls to manage identified financial risks;
- (c) monitoring and evaluating operational and financial results;
- (d) approving annual financial statements and the release thereof by management;
- (e) selecting an external auditor for approval by the Members as well as approving auditors' fees; and

- (f) ensuring that the books, accounts and records of CCEMC are audited at least once per year by a certified accountant.

5. **Policies and Procedures**

The Board shall be responsible for:

- (a) approving and monitoring compliance with the directors' Conflict of Interest Policy and Governance and Accountability Framework;
- (b) disclosing any waivers granted from the Conflict of Interest Policy;
- (c) monitoring management compliance with the CCEMC's policies and procedures;
- (d) ensuring that CCEMC operates at all times within applicable laws, regulations and to the highest ethical standards; and
- (e) reviewing all policies at least annually, approving changes or repealing policies that are no longer relevant or useful.

6. **Stakeholder Communication**

Given that CCEMC operates within a highly public environment where its actions are scrutinized by interest groups and the public-at-large, it is imperative that it develop and implement an appropriate and effective communication strategy to ensure transparency and accountability. To this end, the Board shall be responsible for :

- (a) approving and periodically reviewing CCEMC's communications strategies and policies;
- (b) ensuring that the Board has procedures in place to receive feedback from Members and stakeholders;
- (c) ensuring that the financial and strategic performance of CCEMC is reported to stakeholders and the Minister through its Annual Report;
- (d) ensuring that financial reports are completed and presented using generally accepted accounting principles; and
- (e) ensuring that timely reporting to all stakeholders of any developments that may have a significant and material impact on CCEMC.

F. GENERAL LEGAL OBLIGATIONS

1. The Board is responsible for directing management to ensure legal requirements have been met respecting CCEMC's operations and its documentation and records keeping.

2. Directors have a fiduciary duty to CCEMC to carry out the duties and responsibilities of their office:
 - (a) honestly and in good faith;
 - (b) with a view to the best interest of the Association; and
 - (c) with the care, diligence and skill of a reasonably prudent person.
3. The powers of directors are conferred upon them to exercise on behalf of and for the benefit of CCEMC. The directors are legally bound to serve the interests of CCEMC.
4. Directors have specific statutory duties and obligations under employment and financial reporting law as well as under the withholding provisions of taxation law.

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