

Terms of Reference for FARSHA Board of Directors



April 18, 2013

Terms of Reference for the FARSHA Board of Directors

Purpose

- A. To outline the powers and duties of the FARSHA Board of Directors (the BOD).
- B. The Board of Directors (the BOD) has been entrusted with stewardship of FARSHA. The BOD has the responsibility to oversee the conduct of FARSHA's business and to supervise the Executive Director (the E.D.), who is responsible for the day-to-day operation of the association. The BOD has overall responsibility for ensuring that the association fulfills the purposes for which it was created. In doing so, it accepts, subject to the Society Act, complete and final responsibility for the policies, direction and future of FARSHA's financial welfare.
- C. These terms of reference are prepared to assist the BOD and management in clarifying responsibilities and ensuring effective communication between the BOD and management.

Composition

To enable the BOD to function effectively, individual directors must see their primary responsibility as acting in the best interest of the association and all its stakeholders. Directors are selected because of their particular knowledge, experience and background and are expected to utilize these perspectives when undertaking their responsibilities. However, this does not diminish their primary responsibility as directors to act with a view to the best interest and objectives of FARSHA.

- A. The Board shall be comprised of nine (9) persons.
 - (a) the Board Chair,
 - (b) the BCAC and CFU shall appoint three (3) voting directors each to the Board,
 - (c) the Executive Director of FARSHA shall be a non-voting director of the Board,
 - (d) WSBC shall provide a representative to the Board.

Admission

- (a) In order to become a Director of the Association, other than the Board Chair or Executive Director, the person must be an authorized representative of the BCAC or CFU.

Rights of Members

- (a) Each member must uphold the constitution and comply with the bylaws of the Association

- (b) Subject to the bylaws, every member shall be entitled to have and to exercise all the powers and rights of a member under the provisions of the Act, and be entitled to receive notice of and to vote at all meetings of members of the Association.

A person ceases to be a member of the Association

- (a) by delivering a resignation in writing to the Chair or by mailing it to the address of the Association;
- (b) on dissolution of the organization represented by the member;
- (c) on being expelled; or
- (d) the organization represented by the member announces a replacement director.

A member may be expelled by a special resolution at a general meeting.

All members are in good standing except a member who has failed to pay the annual membership fee, if any, or any other debt due and owing by the member to the Association, and the member is not in good standing so long as the debt is unpaid.

Terms

The Director must retire from office at the annual general meeting, if their term has expired. If no successor is appointed, the person previously appointed continues to hold office.

The members of the Board may, by special resolution, remove a director before the expiration of his /her term of office and may appoint a successor to complete the term.

A director is not to be remunerated for acting as a director, but the director is entitled to receive per diem rates, as set by the Association, for work done while engaged in the affairs of the Association.

Duties in Relation to FARSHA Administration

The BOD has the responsibility to :

- i) choose the Chair of the Board of Directors
- ii) appoint the Executive Director (E.D.);
- iii) approve the job description of the E.D;
- iv) monitor and annually review the E.D. performance and provide advice and counsel in the execution of the E.D's duties;
- v) review and approve employment policy and compensation for all staff;
- vi) ensure that adequate provision has been made for management succession; and

- vii) approve certain matters relating to all employees including:
- new employee benefit programs or material changes to existing programs, and
 - material changes to employee RRSP contribution
 - holiday allocation

Strategies, Plans and Mandate

The BOD has the responsibility to:

- i) monitor FARSHA's progress in fulfilling its purpose;
- ii) participate with management in the development of and ultimately approve, FARSHA's strategic and service plan;
- iii) approve annual business plans, operating and capital budgets that support FARSHA's ability to meet its strategic plan;
- iv) direct management to develop, implement and maintain a reporting system that accurately measures FARSHA's performance against its strategic, business and service plans;
- v) monitor the progress towards the approved strategic objectives and performance against business, operating and capital plans and to alter its direction in light of changing circumstances; and
- vi) review and approve significant changes to the plans.

Financial and Risk Issues

The BOD has the responsibility to:

- i) take reasonable steps to ensure the implementation and integrity of the internal control and management information system;
- ii) ensure management identifies the principal financial and non-financial risks and implements appropriate systems and programs to manage these risks;
- iii) monitor operational and financial results;
- iv) review monthly financial statements and yearly audited financial statements;
- v) appoint external auditors and approve auditors' fees; and
- vi) approve the following:
 - financial expenditure authority policy;
 - major programs and expenditures;
 - capital variances in excess of amounts set by policy from time to time; and
 - purchases and disposition in excess of amounts set by policy from time to time.

Board of Directors Guidelines

Introduction

Best Interest of the Association

The Board of Directors oversee the conduct of the business for the Association and provide direction to management, which is responsible for the day-to-day conduct of business. Although directors are appointed to the BOD to bring special expertise or a point of view to BOD deliberations, the best interests of the Association are paramount at all times.

Strategic Planning

Although management is heavily involved in generating information, material and generally leading the process of strategy development, the BOD is an active partner the strategic planning process and ultimately has the responsibility to approve the plan.

Communications

- a) The BOD approves the Annual Report subject to deadlines.
- b) The Board Chair and the Executive Director act as the primary spokesperson for FARSHA, including:
 - developing and implementing a communications program; and
 - interfacing with regulatory bodies and other stakeholders.
- c) The Board Chair or designate is the chief spokesperson regarding the operations and decisions of the BOD.
- d) In public discussions, other directors will make it clear that they are expressing their personal opinions and not those of the BOD.
- e) The BOD recognizes the need for the Board Chair and Executive Director to have regular meetings or communications with the key stakeholders. The Board Chair and the E.D are expected to keep the BOD informed on key matters from meetings or communications.
- f) It is expected that the public and persons interested in FARSHA will, from time to time, communicate their concerns and questions to directors rather than to management. Directors recognize the authority for major decisions rests with the BOD and the authority for operational matters rests with Management. It is important that directors inform the Board Chair of such communications, so that proper action can be taken and accurate responses made by appropriate board representatives.
- g) Directors may be requested to assist with communications or a director may be approached directly to speak publicly about FARSHA. In all cases, directors are asked to advise the Board Chair. The Board Chair is responsible for ensuring that director communication activities are

properly coordinated and that directors are provided with full assistance in preparing and making public statements or presentations.

Management Succession Planning

- a) The BOD considers succession planning and management developments an ongoing process that includes monthly reports to the BOD by the E.D.
- b) The E.D.'s view as to a successor in the event of unexpected incapacity and ongoing management development plans should be discussed regularly with the BOD.

Levels of Authority

The Board Chair and directors have no individual authority to make financial commitments for the Association.

Policy of Conduct and Conflict of Interest Guidelines

The directors review the policy of Conduct and Conflict of Interest Guidelines and acknowledge their support and understanding of the code by signing it.

Meetings and Agendas

- a) **Regular Meetings:** Regular meetings of the BOD shall be held not less than six (6) times in each calendar year, at the call of the Board Chair.
- b) **Annual Meeting:** One (1) of the regular meetings each year shall include the Annual Meeting and shall be held in March of the year that the Board Chair decides after consultation with the directors. The Annual Meeting shall deal with, among other matters which may be presented, the review and approval of the annual report, including financial statements, required to be made by March 25 each year.
- c) **Notice of Regular Meetings:** To ensure the availability of the directors, the management shall, at least seven (7) days prior to each regular meeting, deliver a copy of the agenda for the meeting to each director. The agenda, so delivered, shall constitute notice of the meeting.
- d) **Agenda:** The agenda for a regular meeting shall be set by the Board Chair and Executive Director; and
 - shall describe the date, time and place of the meeting;
 - shall be sufficiently descriptive of the matters to be decided; and
 - shall include reports from the E.D. concerning areas of responsibility and events affecting those areas.
- e) **Request of Directors:** Directors are free to consult with the Board Chair regarding additions and deletions to the agenda.

- f) **Distribution of Supporting Materials:** If it is not possible to distribute all of the supporting material with an agenda for a regular meeting, all such supporting material shall be distributed to each director at the meeting.
- g) **Special Meetings:** The Board Chair may call a special meeting of the BOD by delivering notice to each director. A member of the BOD may request, through the Board Chair a special meeting. Notice must be delivered to each director stating date, time, place and purpose of the special meeting.
- h) **New Business:** A director may raise, as "new business" a matter not set out in the agenda for discussion.
- h) **Voting:** A member in good standing present at a meeting is entitled to one vote.
- voting is by a show of hands; and
 - voting by proxy is not permitted.

A corporate member may vote by its authorized representative, who is entitled to speak and vote and in all other respects exercise the rights of a member, and that representative must be considered as a member for all purposes with respect to a meeting of the society.

At meetings of the Board, every matter shall be decided by resolution duly moved, seconded and carried by a majority of the votes cast by voting directors present and entitled to vote.

No director may vote on behalf of any other director. Voting shall be by show of hands on the resolution. The Chair shall declare to the meeting the decision on every matter in accordance with the results of the show of hands and that decision shall be entered into the minutes.

In the event that the number of director representatives of workers and the number of director representatives of employers present at a regular meeting are unequal, the representative group having the lesser number of directors present may require that voting on a particular matter be postponed until the next regular meeting. A representative group may only exercise its right to postpone voting once with respect to a particular meeting.

In event that either all director representatives of workers or all director representatives of employers are absent from a meeting, the Chair shall adjourn the meeting.

A director who is present at a meeting of the Board shall be deemed to have consented to any resolution passed or action taken at that meeting unless the director dissented on the matter and requests that a written record of his or her dissent be entered into the minutes of the meeting.

Quorum

A majority of the voting directors then in office shall constitute a quorum at a meeting of the Board and no business shall be conducted unless a quorum is present in the meeting.

A director may participate in a meeting of the Board by telephone provided that all directors participating in the meeting can hear each other and that all directors participating agree to such participation. A director participating in a meeting by such means is deemed to be present at the meeting and shall be counted in the quorum.

Consensus and Decision Making

- a) **How Matters are to be Decided:** The goal of the directors is to achieve consensus on all substantive matters associated with the mandate of the BOD.
- b) **Meaning of Consensus:** Consensus means that all directors reached a general agreement on an issue or set of issues before them. General agreement means that there is no substantive disagreement and that there will be no public expression of dissent by any director.
- c) **Administrative Matters:** In putting the consensus principles into practice, it is recognized that many administrative matters are not central to the purpose of the BOD and will be handled by the Board Chair.
- d) **Principles of Consensus:**
- i) Each director has an obligation to express their point of view, listen to proposals and in the absence of an agreement on resolution of a matter, work towards and agreement by proposing alternatives.
- ii) Each director has the right to expect:
- adequate time to become informed and discuss issues in relation to the relative complexity and importance;
 - a clear and accurate expression of areas of agreement and disagreement, if any; any
 - an opportunity for reconsideration on the basis of new evidence which is substantial and material to the decision.
- iii) When unable to support a consensus, a director has an obligation to:
- demonstrate that the item at issue is a substantive issue;
 - demonstrate it justifies further consideration; and
 - propose alternatives or options for consideration and a time frame for decision.
- iv) Directors have an obligation to:
- act in the best interest of FARSHA and its stakeholders;
 - address proposals pertinent to the mandate of the BOD when presented by any director;
 - creatively seek solutions where disagreement occurs; and
 - balance the views of each director while weighing the industries interest.
- v) The directors recognize that consensus seeking is facilitated by:
- careful listening and respect for views;
 - patience with requirements for fair process;
 - sincere attempts to identify alternatives that promote agreement;
 - understanding the need to make decisions in a timely manner;
 - willingness to submit items of controversy to objective analysis; and
 - respect for fellow Board members.
- e) **Decision Making:**
- i) In the event a director requires more time for consideration, the matter will be set aside to enable the Board Chair and the directors to formulate an approach acceptable to the other directors.

- ii) Where consensus cannot be reached, and where each director who wishes to speak has been heard, the Board Chair is granted the discretion to call for a vote.
- f) **Role of the Board Chair:** The Board Chair facilitates consensus. The Board Chair is expected to offer relevant information, clarify views, help define common ground and suggest options. The Board Chair is not permitted to execute a motion on behalf of the BOD.
- g) **Reconsideration of Decisions:** A director can raise, through the Board Chair, a request to have the directors reconsider a decision on the basis of new evidence that is relative to the matter.
- h) **Criticism by Individual Directors:** Disagreement can become destructive if it is projected outside of the BOD. The directors agree to raise criticism of the decisions as agenda items for resolution at the next meeting.
- i) **Unity:** The directors will present a position of unity externally when a decision has been taken. The objective of this consensus model is to ensure a thorough and thoughtful examination of the issues before the directors and to ensure unity once the decision has been made.

Minutes

- a) **Minutes to be Taken:** Minutes shall be recorded of each BOD meeting showing decisions taken. The minutes will be presented for approval by the directors at the next meeting.
- b) **Signature of Board Chair:** Upon approval by the directors, the minutes shall be signed by the Board Chair and will be considered evidence of the proceedings taken at the meeting.
- c) **Effect of Board Chair Signature:** When minutes of a meeting have been recorded and signed, the meeting shall be deemed to have been held.

Board of Director's Meeting Without Management

- a) Practices that provide opportunity to build relationships, confidence and cohesion among directors are essential to allow the BOD to help develop an understanding of its role. One such practice is an in-camera session prior to the start of a regular meeting. In-camera sessions are held without management present.
- b) Any issues arising in these sessions that bear on the relationship between the BOD and management should be communicated directly to the E.D. by the Board Chair.

Information Material for BOD Meetings

- a) Materials assembled in support of BOD meetings will be coordinated and distributed by the E.D. or delegate, not less than 5 days prior to the meeting.
- b) All agendas, supporting materials for meeting, notices, statements and other documentation required to be delivered to each director may be sent by courier, mail or electronic mail.

- c) **Material distributed to the directors in advance of BOD meetings should focus on critical issues to be considered by the BOD.**
- d) **All materials submitted for consideration by the BOD become part of the record of the BOD. Reports may be presented during the BOD meetings by directors, management or staff, or invited outside advisors.**
- e) **Matters that are brought to the BOD for a decision, particularly those of a strategic or financial nature will be in a clean and concise format to enable the BOD to make a decision.**
- f) **It is recognized that under some circumstance, due to the confidential nature of matters to be discussed, it would not be prudent to distribute written material in advance. Certain materials may be considered strictly confidential and not for distribution or discussion outside of the BOD, but will be included as part of the official record of the meeting.**

Information Flow to the BOD

- a) **The BOD requires clear, reliable information and analysis that is focussed on the strategies and issues facing the association. The BOD will receive regular reports from management that provide certain information on the measured performance against the annual business plan.**
- b) **Information that enables the BOD to fulfill its decision-making and over-sight responsibilities will be based on certain key performance measures that are directly linked to the association's strategic objectives. The BOD and management will agree on the regularity of information that will allow directors to assess the association's performance against its operational plans.**

Non-Directors at BOD Meetings

- a) **The BOD appreciates the value of having non-directors attend BOD meetings to provide information and opinions to assist the directors in their deliberations.**
- b) **The Board Chair and E.D. will determine non-director attendees at BOD meetings.**
- c) **No non-director shall attend or table material at the BOD without prior approval of the Board Chair.**

BOD Relations with Management

- a) **BOD, terms of reference,, shall be made available to management. Directors may direct questions or concerns regarding management performance to the Board Chair and the E.D.**
- b) **The BOD and management must work at developing a sense of trust and confidence in each other's abilities and performance. There must be a clear understanding and respect for the roles, responsibilities and expectations between the BOD and management.**
- c) **Directors must respect the associations structure of management. As a rule, a director has no authority to direct staff but can obtain information through the Board Chair.**

Size of BOD

- a) The BOD considers its current size of six (6) voting directors, 1 non-voting director and Board Chair as an appropriate and effective size for the agricultural industry. In the event of a tie decision, the Board Chair is permitted to vote.

Director Orientation and Development

- a) The Board Chair and E.D. share the responsibility to ensure that there is a new director orientation program.
- b) New directors will be provided with an orientation and education program, which will include written information about the duties and obligations of directors, the business and operation of the association complete with recent BOD meetings.

BOD Compensation

The association has an established compensation schedule for directors. Each director is entitled to travel expenses to and from meetings plus a \$200.00 per diem and \$100.00 preparation fee, per meeting attended.

The Board Chair receives travel expenses to and from meetings plus \$500.00 per diem and \$200.00 preparation fee, per meeting attended.

The Board Chair

Duties and Responsibilities

Working With Management

The Board Chair has the responsibility:

- i) to act as the principle sounding board, counselor and confidant for the E.D. including helping to review strategies, define issues, maintain accountability and build relationships;
- ii) to ensure the E.D. is aware of concerns with the BOD, stakeholders and the public;
- iii) to ensure the BOD monitors and evaluates the performance of the E.D.
- iv) to ensure implementation of management succession and development plans by the E.D.; and
- v) to work closely with the E.D. to ensure that management strategies, plans and performance are appropriately represented to the Board and stakeholders.

Managing the Board of Directors

The Board Chair has the responsibility:

- i) to ensure that the BOD has full governance of the business and affairs of the Farm & Ranch Safety & Health Association;
- ii) to ensure that the BOD is alert to its obligations pursuant to law;
- iii) to provide leadership to the BOD and to assist the BOD in reviewing and monitoring the aims, strategies, policies and direction of FARSHA;
- iv) to communicate with the BOD to keep it up-to-date on all major developments, including avoiding surprises through timely discussion of potential developments;
- v) to ensure the BOD has sufficient knowledge to permit it to comfortably and properly make major decisions when such decisions are required;
- vi) to ensure the coordination of the agenda, information packages and related events for BOD meetings in conjunction with the E.D.;
- vii) to Chair BOD meetings and ensure that the appropriate issues are addressed;
- ix) chair regular meetings of the BOD;
- x) ensure major FARSHA initiatives have proper and timely BOD understanding, consideration, oversight and approval;
- xi) ensure the BOD receives adequate and regular updates from the E.D. on all issues important to the welfare and future of FARSHA;
- xii) build consensus and develop teamwork within the BOD;
- xiii) review director conflict of interest issues as they arise;
- xiv) in collaboration with the E.D., ensure information requested by directors is provided and meets their needs;
- xv) develop/delegate responsibilities to other directors to act on the Chair's behalf; and
- xvi) to ensure that BOD meetings are conducted in an efficient, effective and focussed manner.

Relations with Stakeholders and the Public

The Board Chair has the responsibility:

- i) to ensure , in conjunction with the E.D. that FARSHA's management and, where applicable, the BOD are appropriately represented at official functions and stakeholder meetings;
- ii) to undertake speaking and/or other public engagements in connection with FARSHA activities;

Individual Director

Confidentiality Responsibilities

Honesty and Good Faith

The Society Act requires a director to act honestly and in good faith with a view towards the best interests of FARSHA. The key elements of this standard of behaviour are:

- i) A director must act with a view to the best interest of FARSHA and not in his or her self-interest. This also means a director should not be acting in the best interest of some special interest group or constituency.
- ii) A director cannot take personal advantage of opportunities that come before him/her in the course of performing his/her director duties.
- iii) A director must disclose to the BOD any real or perceived personal interests that he/she holds that may conflict with the interests of FARSHA.
- iv) A director must respect the confidentiality requirements of FARSHA.

Skillful Management

A director shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in similar circumstances. This means:

- i) The standard of behaviour expected of a director will depend upon the particular training and experience that the director brings to FARSHA.
- ii) The director must be proactive in the performance of his or her duties by:
 - attending BOD meetings; a director who has not attended meetings, must show diligence by examination of reports, discussion with other directors and otherwise being sufficiently familiar with FARSHA's activities.
 - participating in a meaningful way; and
 - being vigilant to ensure FARSHA is being properly managed.

Directors' Standard of Behaviour

General

As a member of the BOD, each director will:

- i) demonstrate a solid understanding of the role, responsibilities and duties of a director and the structure of FARSHA;
- ii) demonstrate high ethical standards in personal and professional dealings; and
- iii) understand the difference between the role of director and managing and not encroach on management's area of responsibility.
- iv) refrain from discussing operational or management issues or concerns with staff, RSCs, AHSSs and/or contractors without the consent of the Board Chair.

Plans

As a member of the BOD, each director will:

- i) demonstrate an understanding of FARSHA's strategic direction; and
- ii) contribute and add value to discussions regarding strategic direction.

Preparation, Attendance and Availability

As a member of the BOD, each director will:

- i) prepare for BOD meetings by reading reports and background material distributed in advance;
- ii) maintain an excellent BOD meeting attendance record; and
- iii) organize him/herself so as to be able to attend entire BOD meetings, not partial.

Communication and Interaction

As a member of the BOD, each director will:

- i) demonstrate good judgment;
- ii) interact appropriately with the leadership and management of FARSHA;
- iii) participate fully and frankly in the deliberations and discussion of the BOD;
- iv) be a positive and constructive force within the BOD;
- v) demonstrate an openness to others opinions and the willingness to listen;
- vi) have the confidence and will make tough decisions, including the strength to challenge the majority view;
- vii) maintain collaborative and congenial relationships with colleagues on the BOD;
- viii) advise the E.D and the Board Chair in advance when introducing significant and/or previously unknown information or material at the BOD meeting; and
- ix) be an effective ambassador and representative of FARSHA.

Directors' Code of Conduct and Conflict of Interest

Compliance With the Law

- a) **Directors must act at all times in full compliance with both the letter and the spirit of all applicable laws.**
- b) **In his or her relationship with FARSHA, no director shall commit or condone an unethical or illegal act or instruct another director, employee or supplier to do so.**
- c) **Directors are expected to be sufficiently familiar with any legislation that applies to their work to recognize potential liabilities and to know when to seek legal advice. If in doubt, directors are expected to ask for clarification.**
- d) **Falsifying the record of transactions is illegal.**
- e) **FARSHA is continually under public scrutiny. Therefore, directors must not only comply fully with the law, but must also avoid any situation which could be perceived as improper or indicate a casual attitude towards compliance.**