

# DIVISION BOARDS & COMMITTEES TERMS OF REFERENCES

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# STANDARDS POLICY BOARD

## INTRODUCTION AND MISSION

Taken from the Vision 2000 Corporate mission statement, CSA's mission regarding Standards Development is to understand and fulfil Canadian society's needs for consensus standards related to safety, quality, and performance.

In carrying out this mission, our vision is to be a leader in the world community of standards and to be proactive in meeting the changing needs of Canadian society, the environment, and the challenges of the competitive marketplace.

## ACCOUNTABILITY

- The Standards Policy Board (SPB) is accountable to the CSA Group Board of Directors and reports to the Board through the Chair of the SPB.
- The President, Standards, reports dually to the Chair of the SPB and the President & CEO of CSA Group.
- The SPB is accountable for the principles and policy governing standards development for the Canadian Standards Association, a division of CSA Group.

## RESPONSIBILITIES

- Provide strategic vision and leadership for standard development which may include, but is not limited to, receiving or initiating proposals, reviewing proposals, and approving and taking forward proposals for new and existing fields of standardization.
- Develop standards development principles and policy and provide the Board of Directors with specific governance policy recommendations.
- Review and bring forward to the Board of Directors recommendations regarding the allocation of CSA resources for standards development.
- Review and approve sector program plans and priorities on a broad basis, bring forward recommendations for additions, deletions and enhancements, and monitor their implementation.
- Periodically review sector strategic level committee structures and evaluate and approve proposals for revisions.
- Review and approve the business cases associated with new standards development activities.
- Review and approve revisions of the Standards Development Regulations (and procedures, as required) to ensure their consistency with policy and principles. Advise management, as requested.
- Provide the ultimate forum for standards development dispute resolution.

- Monitor and advise regarding liaisons with other organizations and bodies, as appropriate.
- Regularly assess the effectiveness of the SPB in fulfilling its mandate and broad strategic role.
- Perform such other duties as may be assigned to it by the Board of Directors.
- Considers nominations from voting members of CSA Group for the John Jenkins Award and the Award of Merit and reports to the CSA Group Board of Directors on the Committee's recommendations for such awards on an annual basis.

## COMPOSITION

- The Chair and other members will be appointed by the CSA Group Board of Directors every two (2) years, for a term of two (2) years, and may be reappointed for further terms, not normally to exceed three (3) terms.
- The SPB shall consist of a Chair appointed from the CSA Group Board of Directors, and up to fifteen (15) voting members according to the following matrix of interest categories:

Industry/Provider:	4-6 members
Government/Regulator:	3-5 members
Consumer/User:	3-5 members
General Interest:	3-5 members

In determining compliance with the matrix ranges, the Chair is excluded.

- A majority of the CSA Group Board of Directors shall be voting members of the SPB and individual CSA Group Directors shall be appointed to the SPB according to the matrix of interest categories set out above.
- The Chair of the CSA Group Board of Directors, the President & CEO of CSA Group, and the President, Standards, shall be ex-officio non-voting members of the SPB.
- The CSA Group Board of Directors may appoint non-voting associate members, as required.
- One-half (50%) of the voting members shall constitute a meeting quorum.
- Appointments to the SPB are individual appointments; alternates or proxies are not permitted.
- Meetings of the SPB shall normally be open only to members of the SPB. However, on specific request, visitors or observers may be permitted with the consent of the Chair.

## VOTING (AT MEETINGS AND BY CORRESPONDENCE)

To the extent possible, decisions should be made by consensus.  
For approval of any motion, affirmative votes shall:

- constitute at least one-half of the total voting membership; and
- amount to at least two-thirds of the votes cast.

*Approved by Resolution of the Board of Directors Pursuant to Section 5.1 of the By-Laws June 17, 2008*

# FINANCE & AUDIT COMMITTEE

## MANDATE

The mandate of the Finance & Audit Committee is to facilitate the processes by which the Board of Directors fulfills its responsibilities relating to the CSA annual audited financial statements, financial results, systems of internal control, internal audit program, and statutory compliance.

The Finance & Audit Committee will review and report to the Board of Directors on the financial plans, financial results, significant financial matters, financial processes and controls, and the annual audited financial statements of CSA.

The Finance & Audit Committee will manage the financial aspects of the pension funds of CSA. Such management shall include, but not be limited to, monitoring, evaluating and recommending changes to the administration, financial and investment activities, and the legal and regulatory compliance of the Plans. The "Plans" include the Pension and Retirement Plans sponsored by CSA Group. Currently the Plans include: four (4) defined benefit plans, the SEIP, and the DC Pension/Group RRSP plan in Canada, and a 401(k) plan and the US ELT plan in the US.

## ACCOUNTABILITY

The Finance & Audit Committee is accountable to the Board of Directors. The Manager, Corporate Quality Assurance (internal audit) will have a direct reporting line and responsibility to the Chair of the Finance & Audit Committee.

## COMPOSITION

- The Board of Directors shall appoint the Chair and members of the Finance & Audit Committee.
- The Finance & Audit Committee shall consist of at least four (4) members of the Board of Directors, who are independent of Management and CSA, of which one shall be appointed Chair of the Finance & Audit Committee.
- The members of the Finance & Audit Committee should be financially literate, or shall become financially literate within a reasonable period of time after their appointment to the Committee.
- The Chair of the Board, the President & CEO, VP, Finance, and VP, Human Resources, are *ex-officio* members of the Finance & Audit Committee.

## MEETINGS

The Finance & Audit Committee shall meet at least four (4) times a year.

## QUORUM

A quorum shall consist of 50% of the Finance & Audit Committee.

## RESPONSIBILITIES WITH RESPECT TO FINANCIAL MATTERS

The Chair of the Finance & Audit Committee will review and approve the expenses of the President & CEO, on a quarterly basis.

The Finance & Audit Committee is to review, report and make recommendations on those matters requiring the Board's approval, including:

- the appointment of external auditors and setting of fees.
- the approval of annual audited financial statements, including the selection of appropriate accounting policies and practices, to the Board of Directors.
- the organization's financial systems and controls.
- the annual Internal Audit Schedule, audit results and remedial actions.
- special Internal Audits/Investigations as required.
- the annual external audit is conducted in an efficient and cost-effective manner.
- any significant matters affecting the financial operations or viability of the organization.
- provide a summary report to the Board of Directors on the effectiveness of the financial systems, internal controls, and operating systems annually.
- review the financial results of the organization quarterly.
- the key financial assumptions in the annual financial budget.
- review and appoint the external investment managers annually.
- review and approve the Investment Policy Statement annually.
- review the risk management processes and insurance coverage, including Directors' and Officers' Insurance (D&O) annually.
- review the financial implications of any plans for business acquisitions or divestitures.
- review the Finance & Audit Committee Mandate annually.

#### **RESPONSIBILITIES WITH RESPECT TO PENSION FUND MANAGEMENT**

The Finance & Audit Committee is responsible for reporting to the CSA Group Board of Directors regarding the actuarial soundness evaluation of the Plans, the administration of the Plans, the Statement of Investment Policies and Procedures (SIPP), the performance of the investment portfolios, the calculation of Plan liabilities, and compliance with legal and regulatory requirements.

The Finance & Audit Committee may seek the advice of external legal and other consultants, at the expense of the Company, to provide assistance on any matter on which external input is required.

The following responsibilities have been delegated to the Finance & Audit Committee by the CSA Group Board of Directors:

- Establish a Statement of Investment Policies & Procedures (SIPP) for the Plans, and to review and approve the SIPP's (annually).
- Provide input and direction to Management on pension plan issues prior to collective bargaining processes;
- Approve the appointment or termination of the trustee/custodian, actuary, consultants, legal counsel, investment consultants and other agents appointed by the Finance & Audit Committee from time to time;
- Monitor the actions of any party to which a responsibility or function has been delegated, to ensure that such party is properly discharging its duty and that the responsibilities under the Plans are being properly carried out.
- Review and approve the audited financial statements of the Plans annually;
- Review and approve the actuarial valuation reports of the Plans;
- Review the investment performance of the Managers retained in respect of the Plans;
- Approve the governance structure for the Plans and delegation of roles;

- Communicate any information to the HR/Compensation Committee regarding the management of the financial aspects of the pension funds which, at the Finance & Audit Committee's discretion, may be pertinent to the design of the Plans. Should there be any disagreement between the recommendations of the HR/Compensation Committee and the Finance and Audit Committee in respect to any matter pertaining to the Plans, the CSA Group Board will make a final determination of the matter.

### **RELIANCE ON REPORTS**

Members of the Finance & Audit Committee may rely in good faith on reports of management, and the trustee/custodian, actuary, consultants, legal counsel, investment consultants and other agents appointed by the Finance & Audit Committee from time to time.

### **CONFLICT OF INTEREST**

All members of the Finance & Audit Committee must disclose any direct or indirect association or material interest or involvement that would result in any actual, potential or perceived conflict of interest with regard to the provision of services to the Plans or to the selection of the investments of the funds under the Plans.

*Approved by Resolution of the Board of Directors Pursuant to Section 5.1 of the By-Laws June 17, 2008*

# HR / COMPENSATION COMMITTEE

## PURPOSE AND OBJECTIVES

The primary purpose and objectives of the HR/Compensation Committee are to:

1. discharge the responsibilities of the Board relating to compensation of CSA's Executive Leadership Team ("ELT") and report annually to the Board of Directors on such matters.
2. be responsible for strategic human resource issues, issues relating to compensation and benefits of CSA employees, and pension plan design (although not the financial aspects of pension plan management). and
3. to ensure that the Corporate policies for environment and occupational health & safety ("EOHS") are implemented and effective.

## COMPOSITION

The Board of Directors of CSA Group shall appoint at least four (4) members and designate one such member as chairperson who reports directly to the Chair of the Board of CSA Group. The Chair of the HR/Compensation Committee shall serve a maximum of two concurrent terms of two years each. The Chair of the Board, the President & CEO and the VP, Human Resources are ex-officio members of the HR/Compensation Committee and shall be given notice of all meetings of the Committee.

## DUTIES AND RESPONSIBILITIES

### A. HR/Compensation Matters

The duties and responsibilities of the HR/Compensation Committee are to:

- (a) Oversee and approve changes to CSA's overall ELT compensation structure, policies and programs.
- (b) Administer and make recommendations to the Board with respect to CSA's incentive-based compensation plans for the ELT.
- (c) Review and approve the total compensation of the President and CEO annually, taking into account both market competitiveness as well as the incumbent's performance. An annual performance appraisal will be provided to the HR/Compensation Committee by the Chair of the Board.
- (d) Approve the base pay compensation of other members of the ELT taking into account the recommendations of the CEO.
- (e) Approve incentive-based objectives and awards for the ELT.
- (f) Submit the President/CEO's annual bonus objectives for advance approval by the Board of Directors.
- (g) Review and approve the design and changes to any benefit plans or "perks" pertaining to the ELT, including pensions.
- (h) Review and approve new employment agreements and severance arrangements for the ELT.
- (i) Oversee strategic human resource issues as required such as attraction and retention of employees.

- (j) Oversee issues relating to compensation and benefits of CSA employees.
- (k) Review, oversee and approve design of the Plans (although not the financial aspects of pension plan management). The "Plans" include the Pension and Retirement Plans sponsored by CSA Group. Currently the Plans include: four (4) defined benefit plans, the SEIP, and the DC Pension/Group RRSP plan in Canada, and a 401(k) plan and the US ELT plan in the US.
- (l) Inform the Finance & Audit Committee of any changes to the design of the Plans made by the HR/Compensation Committee and interpret the rules of the Plans, in the event of questions raised by members of the Plans. Should there be any disagreement between the recommendations of the HR/Compensation Committee and the Finance and Audit Committee in respect to any matter pertaining to the Plans, the CSA Group Board will make a final determination of the matter.
- (m) Perform such other duties and responsibilities as are consistent with the purpose of the HR/Compensation Committee and as the Board or the Committee deems appropriate.
- (n) Report to the Board at least annually and otherwise as required by the Board from time to time on the exercise of the duties and responsibilities of the Committee.
- (o) Review and approve annual indexing of the SEIP pension in accordance with the plan documentation.

## **B. EOHS Matters**

The specific responsibilities of the HR/Compensation Committee with respect to EOHS matters are to:

- Represent the CSA Group Board of Directors in matters pertaining to internal EOHS policies.
- Review and approve the EOHS policies annually.
- Monitor the effectiveness of the implementation of the CSA Group policies for EOHS.
- Monitor compliance with federal, provincial, state, and municipal regulations.
- Review and approve annual Corporate goals and objectives based on the EOHS policies and strategic plan and monitor the results against objectives.
- Annually provide a summary report to the CSA Group Board of Directors on the effectiveness of the EOHS Management Systems.
- Review and approve the EOHS annual internal audit schedule, monitor audit results and corrective actions.

Whenever the HR/Compensation Committee shall exercise its authority to "approve" as contemplated herein, such approval must receive the concurrence of the Chair of the CSA Group Board of Directors. If such concurrence is not granted by the Chair of the CSA Group Board of Directors, then the HR/Compensation Committee must seek to have the matter resolved by having it referred to the CSA Group Board of Directors.

The HR/Compensation Committee may delegate any of the foregoing duties and responsibilities to a subcommittee of the HR/Compensation Committee consisting of not less than two members of the committee.

The HR/Compensation Committee will have the authority to retain, at the expense of CSA, such outside counsel, experts, and other advisors as it determines appropriate to assist it in the full performance of its functions, including authority to retain and terminate any compensation consultant used to assist the committee in the evaluation of the CEO or senior executive compensation, and to approve the consultant's fees and other retention terms.

## **MEETINGS**

The HR/Compensation Committee will meet as often as may be deemed necessary or

appropriate, in its judgment, either in person or telephonically, and at such times and places as the HR/Compensation Committee determines.

The majority of the members of the HR/Compensation Committee constitute a quorum.

### **CONTINUOUS IMPROVEMENT**

The HR/Compensation Committee will review its Terms of Reference annually and make recommendations for change, as appropriate, to the Board.

The HR/Compensation Committee will receive feedback on its performance via the Chair of the Board, as and when required.

### **ACCOUNTABILITY**

CSA Management will provide quarterly reports to the HR/Compensation Committee and prepare an annual report on the status of implementation of Corporate EOHS policies and procedures.

*Approved by Resolution of the Board of Directors Pursuant to Section 5.1 of the By-Laws June 17, 2008*

# CORPORATE GOVERNANCE & NOMINATING COMMITTEE

## PURPOSE

The primary objectives of the Corporate Governance & Nominating Committee (CGNC) are to assist the Board by (a) identifying individuals qualified to become Board members every other year in accordance with Section 3.6 of the Association By-Laws; and (b) review the approach, development and promotion of best practices in corporate governance on an on-going basis.

## COMPOSITION / MEETINGS

The composition of the CGNC shall be determined in accordance with Section 3.6.1 of the By-laws.

The CGNC shall meet at such times as the Chair of the Committee shall designate and as often as may be necessary to ensure compliance with the nominating process contemplated by the By-Laws.

## RESPONSIBILITIES

The CGNC shall review the qualifications of all nominees put forward under nomination procedures and ensure the integrity of the nominating process for the CSA Group Board of Directors. It shall also advise the Board concerning possible candidates for the positions of Chair and Vice Chair of the Board as required under Section 4.2.1 of the By-Laws.

Specifically, under Section 3.3 of the By-Laws, the CGNC shall put forward nominees to the Board with the object of achieving a balanced Board representing the Association's stakeholders in industry, government, regulators, consumer/users and general interest, and appropriate representation from those groups which have an interest in the activities of the Association, giving due consideration to demographic and geographical representation.

The Chair of the CGNC shall report to the Board periodically or as required by the Board on the activities of the CGNC and shall make such recommendations to the Board as the CGNC decides are appropriate.

In accordance with Section 5.1 of the By-Laws, the CGNC shall, in addition to its responsibilities under Section 3.6 of the By-Laws, be empowered by the Board of Directors to review the approach, development and promotion of best practices in corporate governance which shall include:

- administering and overseeing the bi-annual evaluation process of the Board and sharing the results thereof with the Board for discussion, analysis and deliberation;
- making recommendations on the structure of Board meetings;
- making recommendations to the Board regarding training and educational programs for Board Members on corporate governance;
- reviewing the adequacy of the Association's By-Laws and making recommendations for amendments from time to time;
- ensuring the spirit of the Association's By-Laws and Letters Patent are adhered to;

- reviewing the adequacy of the Terms of Reference for the Association's Division Boards and Committees of the Board and making recommendations for amendments from time to time;
- making recommendations regarding individuals for vacancies occurring on the Board from time to time in accordance with Section 3.5 of the By-Laws, and provide assistance, if requested, to the Chairs of Division Boards or Committees for vacancies occurring thereon;
- ensuring compliance with and interpretation of the Guidelines that Board members are governed by, such as changes in status and conflicts of interest issues;
- reviewing and applying policies regarding the qualifications of Directors to continue holding office;
- making recommendations to the Board, *in camera*, where there are circumstances warranting the removal of a Director, and if accepted, ensuring the Chair of the Board requests the resignation of the Director.

### **COMMITTEE RESOURCES**

The CGNC shall have the authority to obtain advice and assistance from internal or external advisors.

*Approved by Resolution of the Board of Directors Pursuant to Section 5.1 of the By-Laws June 17, 2008*