

## Board Roles and Responsibilities Policy

### 1. Purpose

The Board of Directors (“**Board**”) is responsible for the overall governance of the Vector Institute (“**Corporation**”). This statement is intended to ensure that the Board has a shared understanding of its governance roles and responsibilities.

### 2. Board Roles

The Board governs by fulfilling the following roles:

- **Policy Formulation:** Approving and reviewing policies to provide guidance to those empowered with the responsibility to lead and manage the Corporation’s operations.
- **Decision Making:** On matters that specifically require Board approval, choose from alternatives that are consistent with Board policies and that advance the Corporation’s vision and mission.
- **Monitoring:** Monitor and assess organizational performance and outcomes, including overseeing the performance of the President & CEO, and ensure appropriate improvement actions are taken.

### 3. Board Responsibilities

#### 3.1. Approve Strategic Direction

Directors play a key role in the development and approval of the Corporation’s:

- mission, vision, and values; and
- business plan, ensuring alignment with its mission, vision, values, and funding agreements.

The Board reviews the Corporation’s business plan and multi-year strategic plan as part of an annual planning cycle, and regularly monitors corporate performance against the Board-approved performance indicators.

#### 3.2. Establish a Framework for Performance Oversight

The Board establishes a framework for monitoring and assessing performance in areas of Board responsibility, including:

- Excellent management
- Organizational Performance
- Financial indicators and risk management framework
- Stakeholder relations
- Board effectiveness

### **3.2.1. Excellent Management**

The Board recruits and supervises the President and Chief Executive Officer by fulfilling the following responsibilities:

- Develop and approve the CEO's position description;
- Recruit and select a CEO;
- Review and approve the CEO's annual performance goals;
- Delegate responsibility and authority to the CEO for the management of the Corporation and demonstrate accountability to the Board;
- Review CEO performance and determine compensation;
- Ensure succession planning is in place for the CEO;
- Exercise oversight of the CEO's development of a senior management team as part of the CEO's annual review; and
- Ensure that high employee engagement is a focus for the CEO and the senior management team.

### **3.2.2. Organizational Performance**

The Board ensures that policies are in place related to quality of operations. The Board monitors quality of performance against Board-approved performance indicators. The Board ensures that management has plans in place to address variances from its approved business plan, and the Board oversees implementation of remediation plans.

### **3.2.3. Financial Conditions and Risks**

The Board is responsible for stewardship of financial resources, including ensuring availability and overseeing the allocation of financial resources. The Board oversees management to ensure accuracy of financial information and reporting. The Board approves policies for financial planning and approves the annual budget. The Board monitors financial performance against the Corporation's budget, approves annual audited financial statements, and oversees asset management. The Board approves investment policies and monitors compliance which may be supported by the Audit and Finance Committee.

### **3.2.4. Enterprise Risk Management**

The Board is knowledgeable about risks inherent in the Corporation's operations and ensures that appropriate risk analysis is performed as part of Board decision-making. The Board oversees management's risk management framework including an assessment of risks relative to their probability and potential impact. The Board ensures that appropriate programs and processes are in place to protect against risks. The Board identifies unusual risks to the Corporation and ensures that there are plans in place to mitigate and manage such risks.

### **3.3. Stakeholder Relationships**

The Board contributes to the maintenance of strong stakeholder relationships. The Board ensures that the Corporation communicates appropriately, in a transparent manner, with stakeholders, including funding partners and industry sponsors. The Board acts as an advocate for the Corporation with stakeholders where required, in support of its mission, vision, values and strategic directions.

### **3.4. Board Effectiveness**

The Board is responsible for the quality of its own governance. The Board recruits a skilled, experienced, and qualified Board. The Board ensures appropriate ongoing education for Directors. The Board plans for succession and diversity of the Board. The Board assesses and reviews its governance by periodically evaluating Board structures, including Board recruitment processes and Board composition and size, number of committees and committee terms of reference, processes for appointment of committee chairs, processes for appointment of Board officers, and other governance processes and structures.

### **3.5. Legal Compliance**

The Board ensures that appropriate processes are in place to ensure compliance with legal requirements.

## **4. Amendment**

This Policy may be amended by the Board.