



BOARD GOVERNANCE POLICIES & PROCEDURES

August 2011

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The structure and mandate of the Rural Ontario Institute (ROI) are defined by the legislation under which it is incorporated, any special purposes legislation governing its mandate, the Letters Patent of Amalgamation, the Bylaws, and these Governance Policies enacted under the authority of the bylaws. ROI was incorporated on April 1, 2010 as a Charitable (Charity) Corporation Without Share Capital under the Corporations Act of Ontario, Ontario Corporation Number 1815005. ROI is a registered charity with Canada Revenue Agency under the Income Tax Act of Canada, Business.

In addition to the following governance policies and any appended additional policies and procedures, ROI has the following documents in place for the organization:

- Letters Patent of Amalgamation
- Rural Ontario Institute Organizational Bylaws (reviewed bi-annually by the Board of Directors or as necessary)
- Rural Ontario Institute Crisis Management Plan (reviewed/ updated as necessary, annually by the Chief Executive Officer/ reviewed annually by Board of Directors)
- Rural Ontario Institute Strategic/ Business Plan (reviewed/ updated as necessary, annually by Board of Directors)
- Rural Ontario Institute Personnel Policies and Procedures (reviewed/ updated as necessary annually by the Chief Executive Officer)

Governance Policies

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Governance Policies

Policy Type:	Ends Policies
Policy Title:	Vision and Mission
Adopted:	May 4, 2010
Updated:	April 12, 2011

The purpose of Ends policies is for the Board to articulate the outcomes that the organization wants to achieve. Ends policies consist of, but are not limited to, the VISION & MISSION and the STRATEGIC DIRECTIONS.

VISION

“Building Vision, Voice and Leadership for a strong and vibrant rural Ontario.”

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MISSION

“Developing leaders, initiating dialogue, supporting collaboration and promoting action on issues and opportunities facing rural Ontario.”

Policy Type:	Ends Policies
Policy Title:	Strategic Directions
Adopted:	April 12, 2011

STRATEGIC DIRECTIONS

External Strategic Directions:

In support of the Vision and Mission and through our activities, ROI will be:

- **Developing Leaders**
- **Initiating Dialogue**
- **Supporting Collaborations**
- **Identifying Key Issues and Opportunities**
- **Building Organizational Capacity in Rural Ontario**

Internal Strategic Directions:

Policy Type:	Governance Process	1.1
Policy Title:	Governance Commitment	
Adopted:	May 4, 2010	

The purpose of governance is that the Board, on behalf of ROI's stakeholders, constituents and funders, guarantees the accountability of ROI by assuring that it:

- (a) achieves the outcomes as clarified in the Ends Policies; and
- (b) achieves the outcomes as identified in the agreements with Funders

Policy Type:	Governance Process	1.2
Policy Title:	Governing Style	
Adopted:	May 4, 2010	

The Board will govern with a style that emphasizes:

1. outward vision, rather than an internal preoccupation
2. encouragement of diversity in viewpoints
3. strategic leadership more than administrative detail
4. clear distinction of Board and Chief Executive Officer roles
5. collective rather than individual decisions
6. future-orientation rather than past or present
7. proactivity rather than reactivity

More specifically, the Board will:

1. Operate in a way that is mindful of its trusteeship obligations to its stakeholders, constituents and funders.
2. Direct, control and inspire the organization through the careful establishment of governance policies reflecting the values and perspectives of Board members, stakeholders, constituents and funders. The Board will focus chiefly on the intended long term impacts of the organization (as defined by the Ends Policies), not on the administrative means of attaining those Ends.
3. Be an initiator of policy not merely a reactor to staff initiatives. The Board, not the staff, will be responsible for Board performance and for ongoing Board development.
4. Enforce upon itself and its members whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation, policymaking principles, respect of roles, speaking with one voice and violations of Code of Conduct.
5. Regularly monitor and discuss its own process and performance. Self-monitoring will include comparison of Board activity and discipline to policies in the Governance Process and Board/Executive Director Linkage categories.
6. Not allow any officer, board member or committee member to hinder or be an excuse for not fulfilling Board commitments.

Policy Type: Governance Process

Policy Title: Governing Style (continued)

7. Ensure the continuity of its governance capability by ongoing training, monitoring and development.
 - (a) Evaluation on a meeting-by-meeting basis will include comparison of Board activity and discipline to its Board Governance Process and Board-Chief Executive Officer Relationship Policies.
 - (b) Continual development will include:
 - (i) orientation of new members in the Board's approved governance process;
 - (ii) periodic Board discussion of process improvement;
 - (iii) formal board evaluation process to be conducted on an annual basis.

Policy Type:	Governance Process	1.3
Policy Title:	Board Job Description	
Adopted:	May 4, 2010	

The job of the Board is to determine and demand appropriate organizational performance. The primary board responsibilities fall generally within eight areas:

1. Planning
2. Financial Stewardship
3. Human Resources Stewardship
4. Performance Monitoring and Accountability
5. Risk Management
6. Community Representation and Advocacy
7. Management of Critical Transitional Phases
8. Complaints Review (as may be necessary)

To distinguish the Board's own unique job from the work of its staff, the Board will concentrate its efforts on the following job "products" or outputs:

1. The Board will produce written governing policies, which, at the broadest level, address each category of organizational decision.
 - (a) Ends: Organizational products, impacts, benefits, outcomes, recipients, and their relative worth (what goods, for which needs, at what cost).
 - (b) Executive Limitations: Constraints on executive authority which establish the prudence and ethics boundaries within which all executive activity and decisions must take place.
 - (c) Governance Process: Specification of how the Board conceives, carries out and monitors its own task.
 - (d) Board-Chief Executive Officer Linkage: How power is delegated and its proper use monitored; the Chief Executive Officer role, authority and accountability.
2. The Board will be responsible for conducting and producing assurance of Chief Executive Officer performance (as measured against specific policies).
3. Board Members will become knowledgeable about:
 - ROI's by-laws, policies and procedures, and the requirements and liabilities of agreements with Funders; and
 - The key issues and trends facing rural residents in Ontario.
 - Financial strength and viability of the organization

➤ Legal liability of Board members

4. Board Members will:

- (i) review all material in board agenda packages so they are prepared to make required Board decisions;
- (ii) attend and actively participate in the regular and special meetings of the Board;
- (iii) be willing to be Chairperson or Co-Chairperson as may be necessary or required;
- (iv) deliberate impartially on issues presented to the Board for consideration;
- (v) observe and comply with oath of office, conflict of interest and confidentiality guidelines, and Governance Policies; and
- (vi) exercise the same degree of care, diligence and skill that a reasonably prudent person would show in comparable circumstances.

5. To accomplish its job outputs with a governance style consistent with ROI policies, the Board will conduct an annual (or as needed) strategic planning process which includes:

- (a) a re-assessment of the Ends policies; and
- (b) discussion of opportunities to improve its performance.

Policy Type:	Governance Process	1.4
Policy Title:	Chairperson's Role	
Adopted:	May 4, 2010	

The Chairperson assures the integrity of the Board's process and, secondarily, represents the Board to outside parties.

1. The job result of the Chairperson is that the Board behaves consistently with its own governance process including the following guidelines:
 - (a) Meeting discussion content will only be those issues that, according to Board policy, clearly belong to the Board to decide, not the Chief Executive Officer.
 - (b) Deliberation will be fair, open, and thorough, but also efficient, timely, orderly and kept to the point.
2. The Chairperson is empowered to chair Board meetings with all the commonly accepted power of that position (e.g. ruling, recognizing)
3. The authority of the Chairperson consists in making decisions that fall within the topics covered by Board policies on Governance Process and Board-Chief Executive Officer Linkages, except where the Board specifically delegates portions of this authority to others. The Chairperson is authorized to use any reasonable interpretation of the provisions in these policies.
4. The Chairperson has no authority to make decisions about policies created by the Board within Ends and Executive Limitations policy areas. Therefore, the Chairperson has no authority to personally supervise or direct the Chief Executive Officer.
5. The Chairperson may represent the ROI to outside parties in announcing Board-stated positions and in stating Chairperson decisions and interpretations within the policy areas delegated to him or her.
6. The Chairperson may delegate this authority, but remain accountable for its use.

Policy Type:	Governance Process	1.5
Policy Title:	Vice - Chairperson, Treasurer and Secretary Roles	
Adopted:	May 4, 2010	

Vice Chairperson

In addition to assuming the duties of the Chair during his/ her absence, the Vice - Chair shall perform other duties prescribed from time to time by the Board, coincident to the office. As part of the ROI Board succession planning, the succession of the Vice - Chair to the position of Chair will be expected.

Treasurer

The Treasurer shall monitor the financial activities of ROI ensuring that:

- (a) complete and accurate records are kept of all of ROI's financial matters in accordance with generally accepted accounting practices;
- (b) there are appropriate signing authorities in place for ROI as approved in the Bylaws or by resolution of the Board;
- (c) the Board is provided quarterly, or as otherwise required, with a report of all financial transactions and of the financial position of ROI;
- (d) a competent auditor is appointed annually; and
- (e) the audited financial statements are presented appropriately by the auditor and Chief Executive Officer.

Secretary

As custodian of the corporate seal and of all official books, papers, records, documents and correspondence the Secretary shall ensure:

- (a) that all secretarial functions are performed for the Board and Executive Committee;
- (b) the safekeeping of records of meetings, policies, membership and any other records required by law; and
- (c) the maintenance of the files and records of ROI to be passed on to future offices and ensure the security and confidentiality of all such files and records.

Policy Type:	Governance Process	1.6
Policy Title:	Board Members' Code of Conduct	
Adopted:	May 4, 2010	

The Board commits itself to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as board members.

Accordingly:

1. Board members must avoid any conflict of interest of either a pecuniary or non-pecuniary nature and if the conflict cannot be avoided will declare the conflict to other Board members.
2. Board members will annually disclose their involvements with other organizations, with vendors, or any other associations which might produce a conflict of interest.
3. Board members may not attempt to exercise individual authority over the Board except as explicitly set forth in Board policies:
 - (a) Board members' interaction with the Chief Executive Officer or with staff must recognize the lack of authority vested in individuals except when explicitly Board authorized.
 - (b) Board members' interaction with the public and the media must recognize the same limitation and the inability of any member to speak for the Board except to support Board decisions.
 - (c) Board members will not make individual judgments of Chief Executive Officer or staff performance.
4. Board members will respect the confidentiality appropriate to issues of a sensitive nature.
5. Board members will recognize that continuity of attendance is important. Non-attendance at 3 or more board meetings in any 12-month period, without explanation, may result in removal from the Board.
6. Board members must avoid subjecting ROI to charges of libel or slander.

See Appendix for further information on Conflict of Interest processes and procedures.

Policy Type:	Governance Process	1.7
Policy Title:	Board Meetings	
Adopted:	May 4, 2010	

Board meetings are for the single task of getting the Board's job done (as per the Board's Job Description)

1. Meetings will be open to the public except when an "In-camera" session is officially announced by the Chairperson. The purpose of In-camera sessions is to deal with matters related to litigation, personnel or property. Any Board member can request an In-camera session but moving In-camera requires a board vote.
2. The Board has sole authority over its own meeting agenda. The Chairperson will exercise this control on behalf of the Board, though any Board member can have agenda items added or deleted from the meeting agenda with a motion supported by the Board.
3. Only those issues which are within the Board's area of responsibility as defined in its Governance Policies shall consume the Board's time. That is, the Board will work only on the Board's job, not the staff's job.

Policy Type:	Governance Process	1.8
Policy Title:	Board Committee Principles and Structure	
Adopted:	May 4, 2010	

Board Standing Committees will be created (or reappointed) each year so as to reinforce the wholeness of the Board's job and not to interfere with delegation from Board to the Chief Executive Officer. In addition to Board Standing Committees, ad hoc and time limited working groups may be created from time to time. Unless otherwise stated, an ad hoc committee or work group ceases to exist as soon as the Board determines that its task is complete.

Accordingly:

1. Board committees are to help the Board do its job, not to help or advise the staff. Committees will assist the Board by preparing policy alternatives and implications and recommendations for Board deliberation.
2. Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes. Expectations and authority will be carefully stated in order not to conflict with authority delegated to the Chief Executive Officer.
3. Board committees cannot exercise authority over staff. Because the Chief Executive Officer works for the full Board, he or she will not be required to obtain approval of a Board committee before an executive action.
4. Committee members shall abide by the same Code of Conduct as governs the Board.
5. This policy applies to any group which is formed by Board decision.
6. The following will be standing committees of the Board
 - Executive Committee (including Finance, Audit, Investment, HR and Personnel)
 - Governance (including Nominations, By-Laws and Policy Review)

Policy Type:	Governance Process	1.9
Policy Title:	Board Travel and Expense Claim Policy	
Adopted:	August 3, 2010	

Directors may incur expenses in the course of discharging their responsibilities on behalf of the Rural Ontario Institute (ROI). When board members travel to board and committee meetings, conferences, and approved board business on behalf of the organization, ROI shall reimburse the costs of such travel as well as accommodation and meals when necessary. It is also the intent that anyone attending such events, and being reimbursed for such costs, also has the responsibility to fully participate while keeping in mind the best financial interests of the organization.

Accordingly:

1. Reasonable travel expenses and accommodation will be covered for board and committee meetings, conferences and approved board business.
2. The reasonable cost of meals while attending meetings and while in transit to and from meetings will also be covered. Receipts are required for all meals with a value greater than \$10.00.
3. Mileage will be reimbursed at the current ROI rate in effect at the time of travel, on a two-way basis.
4. Claiming of reimbursable expenses by directors will be done in a timely manner using the ROI Expense Form template, with receipts (where applicable) attached.
5. Reimbursement of any additional expenses will require Board Chair/ CEO approval ahead of the expenditure.

Policy Type:	Executive Limitations	2.1
Policy Title:	Global Executive Constraint	
Adopted:	May 4, 2010	

The Chief Executive Officer shall not cause or allow any practice, activity, decision or organizational circumstance which is either illegal, imprudent, in violation of commonly accepted business and professional ethics, or in violation of established ROI policies or by-laws, and other contractual agreements.

Policy Type:	Executive Limitations	2.2
Policy Title:	Treatment of Staff	
Adopted:	May 4, 2010	

With respect to treatment of staff, the Chief Executive Officer may not cause or allow conditions, which are unfair or undignified.

Accordingly, she or he may not:

1. Operate without written personnel procedures which clarify personnel rules for staff, provide for effective handling of grievances, and protect against wrongful conditions, such as nepotism and other such preferential treatment for personal reasons.
2. Discriminate against any staff member for expressing an ethical dissent.
3. Prevent staff from grieving to the ROI Board when:
 - (a) internal grievance procedures have been exhausted, and
 - (b) the employee alleges that:
 - (i) ROI policy has been violated to his or her detriment, or
 - (ii) That ROI policy does not adequately protect his or her human rights.
4. Fail to acquaint staff with their rights under this policy.
5. Use hiring practices which involve conflict of interest or utilize an unfair and/or closed hiring process.

Policy Type:	Executive Limitations	2.3
Policy Title:	Compensation and Benefits	
Adopted:	May 4, 2010	

With respect to compensation and benefits to employees, consultants, contract workers and volunteers, the Chief Executive Officer shall not cause or allow jeopardy to fiscal integrity or public image.

Accordingly, he or she may not:

1. Change his or her own compensation and benefits.
2. Promise or imply permanent or guaranteed employment.
3. Establish current compensation and benefits, which deviate materially from the geographic or professional market for the skills employed.
4. Create obligations over a longer term than revenues can be safely projected.

Policy Type:	Executive Limitations	2.4
Policy Title:	Financial Condition and Activities	
Adopted:	May 4, 2010	

The Chief Executive Officer, in budgeting for any fiscal period or the remaining part of any fiscal period, shall not deviate materially from ROI's Ends policies, risk financial jeopardy, or fail to show a generally acceptable level of foresight.

Accordingly, he or she shall not cause or allow budgeting which:

1. Expends more funds than have been received in the fiscal year to date unless the debt guideline (below) is met
 - a. Indebt the organization in an amount greater than can be repaid by certain, otherwise unencumbered revenues within 60 days.
2. Fails to settle payroll and debts in a timely manner.
3. Allows tax payments or other government ordered payments or filings to be overdue or inaccurately filed.
4. Makes any purchase on his/her authority or commits the organization to any expenditures of greater than \$50,000 without Board approval.
5. Purchase ongoing services such as insurance and maintenance without seeking quotations to ensure that the prices of current suppliers are in line with current market conditions
6. Acquires, encumbers or disposes of real property without Board approval.

Policy Type:	Executive Limitations	2.5
Policy Title:	Financial Planning/Budgeting	
Adopted:	May 4, 2010	

Financial planning for any fiscal year, or the remaining part of any fiscal year, shall not adversely affect the strategic outcomes, risk fiscal jeopardy, or fail to be based on sound budgeting principles.

Accordingly, he or she may not cause or allow budgeting that:

1. Contains too little information to enable credible projection of revenues and expenses, separation of capital and operational items and disclosure of planning assumptions.
2. Plans the expenditure in any fiscal year of more funds than are conservatively projected to be received in that period.
3. Fails to estimate revenues conservatively and expenses realistically
4. Endangers the fiscal soundness of future years or ignores the building or organizational capability sufficient to achieve ends in future years.

Policy Type:	Executive Limitations	2.6
Policy Title:	Asset Protection	
Adopted:	May 4, 2010	

The Chief Executive Officer may not allow assets to be unprotected, inadequately maintained, or unnecessarily at risk.

Accordingly, he or she may not:

1. Fail to insure against theft, fire and casualty losses to at least 80% percent replacement value and against liability losses to ROI's board, membership or staff in any amount greater than the average for comparable organizations.
2. Indemnify against liability losses to the Board and staff.
3. Unnecessarily expose ROI's board or its staff to claims of liability.
4. Fail to protect intellectual property, information and files from loss or significant damage or maintain appropriate confidentiality.
5. Receive, process or disburse funds under controls, which are insufficient to meet the Board's appointed auditor's standards.
6. Invest or hold operating capital in insecure instruments, investment accounts, including uninsured checking accounts and bonds of less than AA rating at any time, or in non interest-bearing accounts except where necessary to facilitate ease in operational transactions. See Appendix for further information on Investment processes and procedures.
7. Enter into any capital lease having a total value in excess of \$10,000 or of a term greater than three years without Board approval.
8. Endanger ROI's public image or credibility.
9. Allow personal loans to either staff or Board members.

Policy Type:	Executive Limitations	2.7
Policy Title:	Communication and Counsel to the Board	
Adopted:	May 4, 2010	

The Chief Executive Officer shall not permit the Board to be uninformed or unsupported in its work.

Accordingly he or she may not:

1. Neglect to submit monitoring data required by the Board in a timely, accurate and understandable fashion.
2. Let the Board be unaware of relevant trends, anticipated adverse media coverage, material external and internal changes, and particularly changes in the assumptions upon which any Board policy has been previously established.
3.
 - (a) Fail to report in a timely manner an actual or anticipated non-compliance with any policy of the Board.
 - (b) Fail to advise the Board if, in the Chief Executive Officer's opinion, the Board is not in compliance with its own policies on Governance Process and Board-Chief Executive Officer Linkage, particularly in the case of Board behavior which is detrimental to the work relationship between the Board and Chief Executive Officer.
4. Fail to marshal for the Board as many staff and external points of view, issues, and range of options as needed for fully informed Board decisions.
5. Present information in unnecessarily complex or lengthy form.
6. Fail to provide a mechanism for official Board, or committee communications.
7. Fail to deal with the Board as a whole except when:
 - (a) fulfilling individual requests for information or
 - (b) responding to officers or committees duly charged by the Board.
8. Fail to provide the necessary support to meet the needs of the Chairperson or the Board.

Policy Type:	Executive Limitations	2.8
Policy Title:	Emergency Chief Executive Officer Succession	
Adopted:	May 4, 2010	

In order to protect ROI from the sudden loss of Chief Executive Officer services, the Chief Executive Officer shall not fail to designate a staff person, familiar with Board and Chief Executive Officer issues and processes, and capable of providing emergency management.

Policy Type:	Board-Chief Executive Officer Linkage	3.1
Policy Title:	Global Governance-Management Connection	
Adopted:	May 4, 2010	

The Board's sole connection to the operations of the organization, its achievements and conduct will be through the Chief Executive Officer or designate.

Policy Type:	Board-Chief Executive Officer Linkage	3.2
Policy Title:	Unity of Control	
Adopted:	May 4, 2010	

Only decisions of the Board acting as a body are binding on the Chief Executive Officer.

1. Decisions or instructions of individual Board Members, Officers or Committees are not binding on the Chief Executive Officer.
2. The Board will instruct the Chief Executive Officer through written governance policies.
3. Request from Board Members or Committees for information or assistance that have not had Board authorization can be refused by the Chief Executive Officer, if in the Chief Executive Officer's opinion, they are disruptive, not pertinent or an inappropriate use of resources.

Policy Type:	Board-Chief Executive Officer Linkage	3.3
Policy Title:	Accountability of the Chief Executive Officer	
Adopted:	May 4, 2010	

All Board authority delegated to staff is delegated through the Chief Executive Officer so that all authority and accountability of staff, as far as the Board is concerned, is considered to be the authority and accountability of the Chief Executive Officer.

Accordingly:

1. The Board or individual Board Members will never give instructions to persons who report directly or indirectly to the Chief Executive Officer.
2. The Board or individual Board Members will refrain from evaluating, either formally or informally, any staff other than the Chief Executive Officer.
3. The Chief Executive Officer's performance can only be evaluated in relationship to:
 - (a) achievement of strategic outcomes defined by Board Policy (ENDS);
 - (b) organizational operation within the boundaries of prudence and ethics established in Board policies on Executive Limitations.
4. A written Chief Executive Officer evaluation will be done annually.
5. In the event that there is a concern regarding Chief Executive Officer performance, the concern will be evaluated against existing policies and the Board of Directors will determine what action, if any, needs to be taken.

Policy Type:	Board-Chief Executive Officer Linkage	3.4
Policy Title:	Delegation to the Chief Executive Officer	
Adopted:	May 4, 2010	

The Board will instruct the Chief Executive Officer through written policies which prescribe the organizational Ends to be achieved, and describe organizational situations and actions to be avoided, allowing the Chief Executive Officer to use any reasonable interpretation of these policies.

Accordingly:

1. The Board will develop policies instructing the Chief Executive Officer to achieve identified results. These policies will be developed and reviewed systematically and will be called Ends policies.
2. The Board has developed policies, which limit the latitude the Chief Executive Officer may exercise in choosing the organizational means. These policies will be developed systematically and they will be called Executive Limitations policies.
3. As long as the Chief Executive Officer uses *any reasonable interpretation* of the Board's Ends and Executive Limitations policies, the Chief Executive Officer is authorized to establish all operational policies, make all decisions, take all actions, establish all practices and develop all activities.
4. The Board may change its Ends and Executive Limitations policies, thereby shifting the boundary between Board and Chief Executive Officer domains. By doing so, the Board changes the latitude of choice given to the Chief Executive Officer. But as long as any particular delegation is in place, the Board will respect and support the Chief Executive Officer's choices.

Policy Type:	Board-Chief Executive Officer Linkage	3.5
Policy Title:	Monitoring Chief Executive Officer Relationship	
Adopted:	May 4, 2010	

Monitoring Chief Executive Officer performance is synonymous with monitoring organizational performance against stated Board policies on Executive Limitations and Ends Policies. Evaluation of the Chief Executive Officer performance shall be derived only from these monitoring data.

1. The Board will obtain monitoring data:
 - (i) through compliance statements submitted by the Chief Executive Officer according to a schedule directed through policies, and
 - (ii) external reports (e.g., audit)
2. The standard for compliance shall be any reasonable Chief Executive Officer interpretation of the particular policy (s) being monitored.
3. All policies that instruct the Chief Executive Officer and Chief Executive Officer compliance to the policies will be monitored by a method and frequency chosen by the Board, usually on a scheduled basis.

<u>Policy and Chief Executive Officer Compliance</u>	<u>Minimum Frequency</u>
Ends Policies	Annually
Global Executive Constraint	Annually
Treatment of Staff	Annually
Compensation and Benefits	Annually
Financial Condition and Activity	Quarterly
Financial Planning and Budgeting	Annually
Asset Protection	Annually
Communication and Counsel to the Board	Annually
Emergency Chief Executive Officer Succession	Annually

Policy Type:	Board-Chief Executive Officer Linkage	3.6
Policy Title:	Chief Executive Officer Temporary Replacement	
Adopted:	May 4, 2010	

In the event that the Chief Executive Officer is absent for more than 1 week (either planned vacation or short-term illness), the following policy will come into effect:

1. A previously designated staff person (see policy #2.8) will assume responsibility for all day-to-day operations of the organization.
2. The Board Chair will act as the official ROI spokesperson in the absence of the Chief Executive Officer.
3. The Board Chair, in consultation with the designated staff person, will be empowered to deal with any situations arising during the Chief Executive Officer's absence which materially impact on the ENDS of the organization.

Policy Type:	Board-Chief Executive Officer Linkage	3.7
Policy Title:	Chief Executive Officer Replacement	
Adopted:	May 4, 2010	

In the event that the Chief Executive Officer retires, dies, resigns or is removed from office, the Board will appoint an interim replacement(s). The Board will then initiate the replacement process as follows:

1. Establishment of qualifications and selection criteria.
2. Review of contractual parameters.
3. Set up an interviewing/selection process.
4. Advertise the position
5. Determine the successful candidate.
6. Negotiate terms and conditions of contract.

APPENDICES PROCESSES, GUIDELINES AND PROCEDURES

Board Committees

The right and responsibility for the creation of committees related to the activities of the ROI Board rests solely with the Board of Directors of the ROI. Any and all committees not otherwise specifically identified in the bylaws or the duly adopted (by simple resolution) governance model for the Board shall be created through a simple resolution by the Board of Directors. Concurrent with or subsequent to (as soon as possible) the creation of a committee the Board shall also adopt by simple resolution, the Terms of Reference for the subject committee.

All committees created by the Board of Directors of the ROI shall have Terms of Reference (TOR) outlining the conduct of the committee and approved by the Board. Terms of Reference shall be one to two pages in length and include at a minimum the following sections:

- Purpose
- Composition/Membership
- Accountability
- Meeting Frequency

All committees are accountable to the ROI Board and are required to make reports of their activities to the Board in a timely fashion following each meeting. At their discretion, Committees have the right to make decisions and exercise the use of resources previously defined and approved by the Board (e.g. Budgets). Actions prescribed by the committee falling outside of previously defined and approved scope require the approval of the Board (e.g. Budget variance).

The Board of Directors of the ROI reserves the right, at its discretion, to intercede with the activities of any committee and/or terminate the activities of any committee.

Financial Management

The accumulated surplus of the organization should be sufficient to carry it through an extended period of revenue shortfall. It is recommended that the desired target for accumulated surplus of the organization be established at the equivalent of one (1) year of operating expenses, and that the minimum accumulated surplus be established at the equivalent of six (6) months operating expenses.

All ROI investments will be located in a single investment account at a single investment broker/agent.

The Rural Ontario Institute holds a number of Restricted Funds which are to be invested, in trust, for the ROI with investment income to be used to support the organization and/or for specific events and activities. The Restricted Funds held, in trust, for the ROI include the:

- Wm. A. Stewart Endowment Fund
- W. Garfield Weston Foundation Fund
- Ken McKinnon Memorial Fund

- Leadership Legacy Fund

Memorandums of Understanding respecting each Restricted Fund or current operating policy dictate the amount of annual investment income which must be reinvested within the fund. They are as follows:

- Wm. A. Stewart Endowment Fund - minimum of 10% of total annual income
- W. Garfield Weston Foundation Fund - minimum of 30% of total annual income
- Ken McKinnon Memorial Fund - minimum of 30% of total annual income
- Leadership Legacy Fund - minimum of 10% of total annual income

Interest income available for transfer will be identified within the Annual Audited Statements of the organization and will be transferred accordingly in the following fiscal year.

All cheques and financial instruments of the Rural Ontario Institute in the amount of \$1000.00 or greater will require the signatures of two (2) signing officers. The signing authorities, by title, will be established as follows:

- Director(s) as designated by the Board of Directors
- Treasurer
- Chief Executive Officer

Invoices regularly issued by payees on a list of merchants approved from time-to-time by the Finance, Investment and Human Resources Committee may be paid electronically. A list of all electronic invoice payments will be presented for review to the Finance, Investment & Human Resources Committee following the close of each fiscal quarter.

There are no limits established on signing authorities for the ROI. On a quarterly basis, the Treasurer shall review and post-approve all expenditures over \$10,000.00.

The Rural Ontario Institute will tender for banking and investment services every three years. The investments and bank account(s) location will be established based upon a review of tenders received, and a recommendation by, the Finance, Investment & Human Resources Committee to the Board of Directors.

On an annual basis as possible, Rural Ontario Institute staff will prepare a capital purchases budget for consideration by the Board during the annual budget deliberation process.

To ensure that fixed assets of the organization are recorded and adjusted to meet accounting standards, controlled, available when needed and secured appropriately to prevent loss, the Rural Ontario Institute will capitalize all capital asset purchases (including plant, property and equipment) over \$500, and which last a period of time and have an estimated useful lifespan of greater than one (1) year.

Amortization will be recorded on assets as follows:

- Computer equipment Three (3) years straight line basis
- Computer software Three (3) years straight line basis
- Website Four (4) years straight line basis
- Furniture and equipment 20% declining balance basis
- Leasehold improvements 10 years straight line basis

and will be taken at 50% of the above rates in the year of addition.

On occasion, the Rural Ontario Institute may be given materials, which could include capital assets. Because of the difficulty in determining the fair value, contributed materials or plant, property and equipment will not be recorded in the financial statements.

Investments

The overall objective of the portfolio is to provide for the ongoing funding requirements of the Rural Ontario Institute (ROI) and its programs without jeopardizing its principal goal of preserving the capital needed to provide a continued stream of income over the longer term.

The manager will target a minimum annual return based on the funding target as set from time to time by the Finance, Investment & Human Resource Committee on behalf of the Board of Directors of the ROI, plus the inflation rate as calculated by the Canadian Consumer Price Index.

The portfolio will be invested primarily in fixed income and income producing instruments including cash, money market securities, and longer dated debt securities. The asset mix will be adjusted according to capital market expectations in a way that produces the desired mix of target returns while minimizing market risk, subject to the following parameters:

	Target Allocation	Minimum Allocation	Maximum Allocation
Cash and Money Market Securities	5%	0%	15%
Long term fixed income instruments	95%	85%	100%

Investment strategies will be of a long term buy and hold nature, with changes in positions mandated by sound analysis of economic and industry fundamentals. Engaging in any investment activity that would be considered speculative according to the generally accepted principles of conservative investment management is strictly prohibitive.

The use of derivatives, purchasing on margin and short selling of securities is expressly prohibited.

Investments can be made in:

Cash and Fixed Income
Government obligations (i.e. Treasury Bills Notes, Strip Coupons, Debentures and/or Bonds) issued directly or indirectly by the Federal government or an agency (Canadian only) or any of the provinces with an appropriate credit rating (see investment limits below).
Canadian Chartered Bank Securities, being Bearer Discount Notes, Deposit

Receipts, Term Notes, Certificates of Deposit, Bankers Acceptances, bonds and strip coupons with an appropriate credit rating.
 Securities of foreign banks or the Canadian affiliates of foreign banks provided that the obligations are guaranteed or carry separate appropriate ratings.
 Commercial paper, bonds, debentures and strip coupons issued of Canadian companies with an appropriate credit rating.

Purchasing any securities carrying a credit rating below “A” for bonds or “A1/R1” for commercial paper is strictly prohibited.

Ratings used will be from one or more of the following ratings agencies: Canadian Bond Ratings Service, Dominion Bond Rating Service, Standard and Poor’s Credit Rating Service, and Moody’s Investor Services.

Securities purchased will be held in safekeeping by a dealer or financial institution approved by the Investment Committee.

Subject to the prior approval of the Finance, Investment and Human Resource Committee, investments may be made in, or with, third party managed funds which co-mingle all participants investments provided that the Safety, Liquidity, and Yield characteristics of the fund are consistent with or better than alternative money market strategies approved pursuant to these guidelines.

Annually, funds will be transferred to the ROI’s operating account, the percentage being in accordance with the endowment agreements and other policies in place, and based upon the actual income earned and paid on the underlying investments. Any changes in the market value of investments, in the form of gains or losses, will be ignored in the calculation of the actual income earned.

Under certain circumstances, the ROI may conclude that though an investment may not meet the criteria outlined in the investment policy statement, the investment may be within keeping of the spirit of the policy. In such an event, the ROI may deviate subject to the following conditions:

- The Chief Executive Officer receives unanimous approval of the Finance, Investment & Human Resource Committee prior to the investment, and
- Full disclosure of the details of the investment is made to the ROI Board of Directors at the immediately subsequent meeting of the Board of Directors.
- Any such investment will not exceed 5% of the portfolio, or \$25,000, whichever is less, and the total of such investments will not exceed the lesser of 10% or \$50,000.

Risk Assessment and Mitigation

The safety of participants is of paramount importance to the Rural Ontario Institute (ROI) and to the participants themselves. The ROI has a responsibility to manage risks associated with any of its operations. Where an activity entails risks higher than normally encountered in daily life, appropriate advance planning, preparation and training will be carried out so that foreseeable risks are appropriately managed. Where it is concluded that the risks are extreme or high, the activity will not be carried out. This policy covers all activities that are organized and approved by the ROI such as

seminars, meetings, field trips, farm visits, travel study tours and covers both program participants and employees of the ROI. To this end:

- 1) The ROI will appropriately assess the risks associated with all activities being undertaken in the delivery of its programs and develop mitigation strategies as necessary to deal with the inherent and identified risks.
- 2) When participants are engaged in activities approved by the ROI, the organization will take appropriate action(s) to ensure they have the necessary information, orientation, training, support, assistance, and/ or equipment in the event that a situation(s) arises which may pose a threat. The ROI will take all reasonable steps to ensure everyone's safety. It is also recognized that each individual must also take personal steps to keep themselves safe in all circumstances.
- 3) The ROI will gather and have on hand participant emergency contact and other vital information in the event that a member's next of kin needs to be contacted. This information will be stored appropriately and safely with the ROI and a copy will be carried by the Executive Director or designate to all activities.
- 4) In the case of Travel Study Tours, the ROI will undertake the following additional actions to reasonably mitigate any anticipated risks associated with travel:
 - Appropriate safety information, equipment, orientation and training will be provided to all participants prior to travelling. These safety precautions may include, but not be limited to, biosecurity training to address concerns about avian influenza and BSE.
 - Biohazard Information will be provided to each participant – i.e. a fact sheet outlining and defining common biohazards such as avian influenza, BSE, etc.
 - Participants will be given the web site addresses to access travel advisories from Foreign Affairs Canada (FAC) regarding the destination.

Oath of Office and Confidentiality

Respect for confidentiality is the cornerstone of trust and confidence as well as a legislated obligation. Board members must at all times respect the confidentiality of any client names and/or circumstances that might identify clients. Similarly, all matters dealt with by the Board during in-camera meetings and matters related to personnel must be held in strictest confidence. Confidentiality means Directors may not relate such matters to anyone including immediate family members. The duty of confidentiality continues indefinitely after a Director has left the Board.

Code of Conduct

Board members are expected to comply with the prescribed Code of Conduct that encourages the development of a spirit of collective decision-making, shared objectives and shared ownership of and respect for Board decisions. Accordingly Board members will at all times conduct themselves in a manner that:

- Supports the objectives of the ROI;
- Serves the overall best interests of the ROI rather than any particular constituency;

- Brings credibility and good will to the ROI;
- Respects principles of fair play and due process;
- Demonstrates respect for individuals in all manifestations of their cultural and linguistic diversity and life circumstances;
- Respects and gives fair consideration to diverse and opposing viewpoints;
- Demonstrates due diligence and dedication in preparation for and attendance at meetings, special events and in all other activities on behalf of the ROI;
- Demonstrates good faith, prudent judgment, honesty, transparency and openness in their activities on behalf of the ROI;
- Ensures that the financial affairs of the ROI are conducted in a responsible and transparent manner with due regard for their fiduciary responsibilities and public trusteeship;
- Avoids real or perceived conflicts of interest;
- Conforms with the Bylaws and policies approved by the Board, in particular this Code of Conduct, the Oath of Office and Confidentiality and Conflict of Interest policies; and
- Publicly demonstrates acceptance, respect and support for decisions legitimately taken in transaction of the ROI's business.

The Board members shall agree to an Oath of Office and Confidentiality upon joining the Board of Directors.

Conflict of Interest

Members of the Board of Directors shall act at all times in the best interests of the ROI rather than particular interests or constituencies. This means setting aside personal self-interest and performing their duties in transaction of the affairs of the ROI in such a manner that promotes public confidence and trust in the integrity, objectivity and impartiality of the Board. Members of the Board shall serve without remuneration. No director shall directly or indirectly receive any profit from his/her position as such, provided that directors may be paid reasonable expenses incurred by them in the performance of their duties. The pecuniary interests of immediate family members or close personal or business associates of a director are considered to also be the pecuniary interests of the director.

Definition of Conflict of Interest:

- Board members are considered to be in a "conflict of interest" whenever they themselves, or members of their family, business partners or close personal associates, may personally benefit either directly or indirectly, financially or otherwise, from their position on the Board.
- A conflict of interest may be "real", "potential" or "perceived"; the same duty to disclose applies to each.
- Full disclosure in itself, does not remove a conflict of interest.

Principles for Dealing with Conflict of Interest:

- a) The Board member must openly disclose a potential, real or perceived conflict of interest as soon as the issue arises and before the board or its committees deal with the matter at issue.

- b) If the Board member is not certain he/she is in a conflict of interest position, the matter may be brought before the Chair, Executive Committee or Board for advice and guidance.
- c) If there is any question or doubt about the existence of a real or perceived conflict, the Board will determine by vote if a conflict exists. The person potentially in conflict shall be absent from the discussion and vote.
- d) It is the responsibility of other Board members who are aware of a real, potential or perceived conflict of interest on the part of a fellow Board member to raise the issue for clarification, first with the Board member and, if still unresolved, with the Board Chair.
- e) The Board member must abstain from participation in any discussion on the matter, shall not attempt to personally influence the outcome, shall refrain from voting on the matter and unless otherwise decided by the Board, must leave the meeting room for the duration of any such discussion or vote.
- f) The disclosure and decision as to whether a conflict exists shall be duly recorded in the minutes of the meeting. The time the person left and returned to the meeting shall also be recorded.

Disposition of Complaints and Disputes Involving Directors

- a) The Executive Committee, in a meeting duly called for the purpose, shall review any complaints that a director has violated any provision of the ROI's Bylaws, Governance Policies, Code of Conduct, and/or Oath of Office & Confidentiality Agreement.
- b) The Executive Committee shall similarly review disputes between members of the Board that interfere with the ability of the Board to carry on its business.
- c) Complaints of a grave nature may be referred by the Board to an independent arbiter.
- d) Allegations of illegal activity shall be immediately referred to police, child welfare or other appropriate authorities for investigation. Any director against whom such allegations are made shall take a leave of absence from the Board pending completion of the investigation.
- e) The review of such complaints or disputes shall include an opportunity for the members concerned to present their positions. Executive Committee members who originate or are the subject of such complaints or disputes must declare their conflict and absent themselves from such meetings.
- f) Every attempt should be made to resolve such matters expeditiously and fairly.
- g) The recommendations regarding resolution of such matters shall be brought to the Board for approval.
- h) The ruling of the Board shall be final. Should the member refuse to abide by the ruling the Board may table the matter pending determination of disciplinary action. Such action may include formal or informal censure by the Chair or the board, suspension or a request for the member's resignation.

Director Selection Guidelines

Effective governance depends on the right mixture of skills, experience, personal qualities and diversity among the members of the board of the Rural Ontario Institute (ROI).

Through the nomination and election process, the board will select directors according to their skill, experience and personal qualities.

The board will seek a balance within the board concerning the skills and experience of directors, while considering any unique or special requirements of the Rural Ontario Institute at the current time.

The board will ensure all directors possess the personal qualities necessary to perform their role as board members. The board will reflect the diversity of the community served including but not limited to such things as demographic, linguistic, geographic and gender characteristics of the communities served by the organization.

The skills, experience, and personal qualities that the board will use to select potential directors are set out below:

Skills and Experience

The ROI board will reflect a complementary mixture of knowledge, skills and experience. In addition to experience, when selecting members the board will consider competency in, and understanding of, the following:

- Business Management
- Employee Relations/ Management of Human Resources
- Issues and Trends specific to Agriculture and Rural Development
- Government and Government Relations
- Understanding Effective Decision Making Processes and Networking
- Project Management
- Legal/ Liability Issues
- Strategic Planning
- Risk Management
- Information Technology (understanding and use)
- Accounting and Financial Expertise
- Knowledge and Experience in Research
- Board and Governance Expertise
- Public Relations and Communications
- Advisory and Advocacy Functions

Personal Qualities

The board requires people to serve on the board who possess the following personal qualities:

- An understanding of and commitment to the vision, mission and core values of the organization
- Honesty and integrity
- Ability to act in the best interests of the organization, its programs and activities
- An understanding of board functions and governance processes
- An understanding of a director's role and fiduciary responsibilities

- An ability to think strategically and independently
- An ability to manage change and develop a culture of inquiry
- An ability to work cooperatively and as part of a team
- An ability to communicate effectively
- Financial literacy appropriate for the organization's scope of activities
- A commitment and willingness to devote the time and effort required to be an effective board member including attendance and participation at board orientation, board retreats, board meetings, committee meetings and organization events
- An ability to recognize and manage potential conflicts of interest

BOARD GOVERNANCE POLICY, PROCESSES AND PROCEDURES NOTES:

1. Adopted by Resolution of the Board of the ROI – May 4, 2010
2. Reviewed and Amended by the Board of the ROI – August 3, 2010
3. Amended by the Board of ROI – April 12, 2011
4. Amended by the Board of ROI – August 2, 2011
- 5.