

## TERMS OF REFERENCE: GOVERNANCE COMMITTEE

### I. PURPOSE

The Governance Committee (the “**Committee**”) acts in a monitoring and advisory capacity to assist the Board of Directors to:

- i. oversee the development and implementation of an effective approach to corporate governance that enables British Columbia Lottery Corporation (“**BCLC**”) to fulfill its purpose, strategic goals and Mandate established by the Government of B.C., acting in the public interest;
- ii. oversee the development and implementation of the company’s social purpose and its social, environmental and stakeholder performance relevant to the delivery of its Mandate and purpose;
- iii. oversee the organization’s stakeholder relationships towards the achievement of the company’s Mandate, purpose and its corporate strategy; and
- iv. oversee the organization’s player health strategy.

The Committee will:

- i. assess and make recommendations regarding Board governance;
- ii. assess any proposals for new policies pursuant to the process outlined in Appendices A and B, and make recommendations to the Board regarding approval and/or oversight;
- iii. oversee BCLC’s social purpose and its social, environmental and stakeholder performance relevant to the delivery of its Mandate and social purpose;
- iv. oversee BCLC’s approach to stakeholder value creation and fostering effective, collaborative, mutually beneficial and reciprocal stakeholder relationships;
- v. oversee BCLC’s whistleblower policy and procedures;
- vi. take into account any relevant considerations, including financial, social, environmental and stakeholder considerations in its planning, monitoring and decision making; and
- vii. undertake other matters that may be requested of the Committee by the Board from time to time.

### II. COMPOSITION AND OPERATIONS

- A. The Committee will be composed of not fewer than three Directors and not more than five Directors.
- B. All members of the Committee will have an understanding of corporate governance, social purpose, environment, social, governance (ESG) issues and practices, stakeholder engagement, or related business experience, or be willing to acquire the requisite knowledge within a reasonable period of time.
- C. The Committee will meet at least four times per year.
- D. The Committee has access to Management and documents as required to fulfill its responsibilities and, through the Corporate Secretary, is provided with the resources necessary to carry out its responsibilities.
- E. The Committee will review and approve minutes after each meeting, which will be accessible to all Board members.

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- F.** The Committee will report regularly to the Board with respect to its activities.
- G.** The Committee will be supported by an Executive Lead designated by the President and CEO (“CEO”), typically the Chief Social Purpose Officer.
- H.** Administrative support will be provided by the Corporate Secretary or the Assistant Corporate Secretary.
- I.** Through the Corporate Secretary, the Committee may retain and compensate such legal or other advisors as it considers necessary in discharging its monitoring role, in keeping with budget, financial and procurement policies.

### **III. DUTIES AND RESPONSIBILITIES**

Subject to the powers and duties of the Board, the Committee will be accountable for the following:

#### **A. Governance Duties**

- i. annually review the skills, knowledge, diversity and experience represented on the Board in light of BCLC’s strategic direction;
- ii. develop recommendations regarding the essential and desired knowledge, experiences, skills and diversity for potential Directors;
- iii. annually review, and make recommendations regarding, the orientation and ongoing development of existing and new Directors;
- iv. annually review the Directors’ compensation and make recommendations to the Board for subsequent recommendation to Government, as appropriate;
- v. at least annually, review and where appropriate, revise and update the Board Manual, including all Terms of Reference and the policies, processes, and guidelines by which the Board will operate in order to maintain the clarity and currency of the foregoing, recommending any material amendments to the Board for approval;
- vi. review any recommendations from Board Committees for changes to Board Committees’ Terms of Reference and make recommendations to the Board for approval;
- vii. annually assess the needs of the Board in terms of the committee structure; Committee composition, including Chairs; frequency and location of Board and Committee meetings; meeting agendas, discussion papers, reports and information, and the conduct of meetings and make recommendations to the Board as required;
- viii. recommend to the Board, and annually implement, an appropriate evaluation process for the Board, Board Chair, Board Committees, their respective Chairs and individual Directors;
- ix. provide advice and support to the Chair of the Board in preparing Committee Chair and membership recommendations to the Board, as needed;
- x. prepare and recommend to the Board any reports on corporate governance that may be required or considered advisable;
- xi. in conjunction with the Chair of the Board, oversee adherence of Directors to the Board Code of Conduct and Conflict of Interest Guidelines;

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- xii. assess any proposals for new policies pursuant to the process outlined in Appendices A and B, and make recommendations to the Board regarding approval and/or oversight; and
- xiii. annually review the Policies and Processes related to Governance, including but not limited to the Board Evaluation Process and Director Orientation and Development Process.

### **B. Social Purpose Duties**

- i. Conduct an annual review of BCLC's Social Purpose performance and a quarterly progress review of goals and priorities;
- ii. receive key reports to confirm that BCLC is on track to meet its social purpose and address the company's social, environmental and stakeholder risks and opportunities.

### **C. Stakeholder Relations Duties**

- i. identify with Management the key stakeholders that can materially affect or be affected by BCLC in the short and long-term and that can help BCLC realize its purpose, vision and corporate strategy; recommend to the Board and provide monitoring of BCLC's plan to foster effective, collaborative, mutually beneficial and reciprocal relationships through appropriate policies, plans, joint ventures, partnerships, collaborations, risk management and related BCLC monitoring systems;
- ii. agree with management on BCLC's approach to stakeholder value creation and monitor BCLC's stakeholder perception through key performance indicators and presentations on the status of stakeholder relations at least annually;
- iii. confirm that risk management policies, communication plans and BCLC monitoring systems are in place for timely response and reporting of developments that have a significant and material effect on BCLC;
- iv. initiate a review of the Stakeholder Governance Framework three years after adoption and every five years thereafter;
- v. request third-party reviews of stakeholder relations, as needed, and
- vi. monitor BCLC's public perception, understand BCLC's public accountability responsibilities, and support the Board in making decisions in consideration of the public interest and recommending that management put in place effective and timely communications response plans.

### **D. Player Health Duties**

- i. Monitor and review, at least annually, and make recommendations to the Board regarding BCLC's player health strategy.

### **E. Whistleblower Policy Duties**

- i. fulfill its roles and responsibilities set out in the Whistleblower Policy and procedures, including:

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- a) establishing procedures for receiving, investigating, tracking and appropriately resolving all reports received under the Policy;
- b) establishing and maintaining channels to facilitate the confidential reporting of alleged misconduct;
- ii. annually review the Whistleblower Policy and procedures and make recommendations to the Board as required.

### F. Other Duties

- i. at the request of the Board Chair or the Board, undertake such other corporate governance initiatives as may be necessary or desirable to contribute to the success of BCLC.

## IV. ACCOUNTABILITY

The Committee will:

- i. report its discussions to the Board by oral or written report at the next Board meeting;
- ii. on an annual basis, review the Terms of Reference for the Committee and make recommendations to the Board for approval, if appropriate;
- iii. in accordance with the Whistleblower Policy, provide a confidential summary report to the Board on a quarterly basis; and
- iv. confirm to the Board on an annual basis, the Committee's fulfillment of its mandate for the preceding year.

## V. ORIENTATION

Access to relevant orientation materials will be provided by the Corporate Secretary to new members of the Committee. New Committee members will be briefed by the Chair of the Committee on top priorities and issues of the Committee.

## VI. EDUCATION

The Committee will regularly update its members with leading practices and educational requirements of Governance Committees generally in Canada and specifically with respect to BCLC in order that the members are able to carry out their responsibilities as set out in this Terms of Reference efficiently and effectively.

As part of the annual Board Evaluation Process, each Committee member will have an opportunity to submit recommendations for potential continuing professional development that would be of benefit to Committee members and permitted by applicable Government expense guidelines.

## VII. COMMITTEE TIMETABLE

The timetable on the following page outlines the Committee's anticipated schedule of activities to fulfill its duties during the year.

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