CHARTER OF THE BOARD OF DIRECTORS

A. PRIMARY ROLE OF THE BOARD: GOVERNANCE AND OVERSIGHT
CSSA means “Canadian Stewardship Services Alliance, Inc.”

The Board of Directors of CSSA is mandated with the responsible management of CSSA and, as such, is the highest decision making authority within the organization. The overarching role of the Board of Directors focuses on governance and oversight rather than on running the day-to-day operations of CSSA – the latter of which is the responsibility of management.

The governance goal of CSSA is to enhance executive decision making for the purpose of improving the reputation and performance of the organization. Accordingly, every director must, in discharging his or her Supervision Duty and other duties,

a) act honestly and in good faith with a view to the best interests of CSSA; and
b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

B. THE SUPERVISION DUTY
Without limiting the scope or nature of the Supervision Duty, the Board acknowledges and accepts that the Supervision Duty includes the following obligations and duties of the Board:

(i) Financial Reporting and Disclosure
The Board must gain and maintain reasonable assurance that CSSA meets all financial reporting and disclosure obligations imposed on CSSA by applicable law and applicable regulations, rules, policies, management services agreements with the stewardship organizations it manages and other requirements relating to financial reporting and disclosure promulgated by governments and regulatory agencies. The Board recognizes that the most significant Financial Reporting Obligations are as follows:

a) CSSA’s annual and interim financial statements must present fairly CSSA’s financial position, the results of its operations and its cash flows in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”);

b) CSSA’s annual financial statements must be audited and reported on by a firm of chartered accountants (the “external auditor”) which is objective and independent; and

c) Material financial information concerning CSSA must be disseminated to its members as defined in its bylaws and all financial information concerning CSSA which is disseminated to members must be accurate, complete and fairly presented.

The board must also:
a) Appoint and maintain an audit and finance committee (the “AFC”) to assist the Board in discharging its duty to gain reasonable assurance that CSSA meets the Financial Reporting Obligations.

b) Nominate a firm of chartered accountants for appointment as the external auditor by the members of CSSA;

c) Fix the compensation of the external auditor.

(ii) Strategic Planning

a) In due course, the Board, in conjunction with Management, will develop a statement of the Mission and Vision of the organization.

b) The Board will provide direction, oversight and approval of the Strategic Plan that will be developed by Management.

c) If at any time the Board is of the opinion that the then-existing Strategic Plan is no longer appropriate, the Board – in conjunction with management - must develop a revised Strategic Plan.

d) After the Board has approved the Strategic Plan, the Board must monitor at each Board meeting CSSA’s implementation of the Strategic Plan and CSSA’s progress toward achieving the Strategic Plan.

(iii) Risk Management

The Board must gain and maintain reasonable assurance that the risks confronting CSSA are identified, monitored and managed by the senior management of CSSA.

In particular, the Board must gain and maintain reasonable assurance that:

a) Management has identified the most significant risks, through a risk management plan, currently confronting CSSA;

b) New significant Risks which confront CSSA will be identified in a timely manner and brought to the attention of the Board; and

c) Management directly and effectively monitors and manages CSSA’s risks.

(iv) Human Resources

The board must gain and maintain reasonable assurance that there exists within CSSA an effective human resource plan, policies and practices to enable CSSA to resource the requirements of its Strategic Plan, the commitments in the Management Services Agreements and Program Plans for which it has pledged to provide compliance on behalf of stewards.
(v) **Code of Conduct**
The Board must adopt and use reasonable efforts to monitor compliance with a written code of conduct applicable to Directors, officers and employees of CSSA. The Board must require every Director, member of Management and employee to annually sign an attestation acknowledging acceptance of the Code of Conduct. The Code must include standards designed to deter wrongdoing and must address the following issues:

a) conflicts of interest;
b) protection and proper use and exploitation of CSSA’s assets and opportunities;
c) compliance with applicable laws, rules and regulations; and
d) reporting of any illegal or unethical behavior;

C. **GOVERNANCE**
The Board also acknowledges and accepts the following duties and obligations of the Board in relation to its governance.

(i) **Governance Structures and Practices**
The Board must gain and maintain reasonable assurance that the Board’s composition, structures and practices enable the Board to discharge the Supervision Duty and the Board’s other duties in a highly effective manner. In particular, the Board must gain and maintain reasonable assurance that:

a) all Directors are independent. For the purposes of this mandate, a Director is independent if the Director has no relationship with CSSA which, in the view of the Board, could reasonably be expected to interfere with the exercise of the Director’s independent judgment;
b) the number of Directors constituting the Board facilitates effective decision-making by the Board.

(ii) **Governance Culture**
The Board must use its best efforts to establish and sustain amongst all Directors a culture that incorporates the following values, and convictions:

a) acceptance of the Board’s accountability for CSSA’s performance;
b) the conviction that Directors owe each other their best efforts in carrying out their duties and exercising their authority;
c) upholding the confidence of stewards, stewardship organizations, program regulators and other stakeholders with due regard to the interests of all stakeholders;
d) accepting the responsibility for meeting the spirit as well as the letter of applicable laws, program agreements and program plans;
e) contributing views on critical issues and exercising objective and diligent business judgment;
f) recognizing the importance of solidarity (“the Board speaks only with one voice”) when decisions are taken;
g) committing to exercising the Board’s fiduciary duties only in the interests of the CSSA and free of personal objectives;
h) openly engaging constructive dialogue to diligently expose risks, liabilities and opportunities;
i) holding each other responsible for fostering a board environment that invites and respects differing points of view; deals rigorously with alternatives, and demands compelling rationales for choices;

j) practicing personally, and within the Board, the accountabilities that are demanded of executives and employees;

k) insisting on the highest level of honesty and integrity in all actions of the Board, Management and employees of CSSA; and

l) encouraging and fostering conditions which build and enhance trust and respect amongst all of the Directors.